

EVALUATION OF THE  
ENVIRONMENTAL MANAGEMENT SECRETARIAT'S  
1999 – 2000  
SMALL GRANT RESEARCH PROGRAM

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## GLOSSARY OF ABBREVIATIONS

AMSRB	Asociación de Municipios de Secano de la Región del Bío Bío (Chile)
ASA	Aguas Argentinas S.A.
ABONG	Associação Brasileira de Organizações não Governamentais
CESTA	Centro Salvadoreño de Tecnología Apropriado (El Salvador)
CET	Centro de Educación y Tecnología (Chile)
CFI	Consejo Federal de Inversiones (Argentina)
CIESP	Centro Industrial do Estado do São Paulo
COAMSS	Consejo de Alcaldes del Área Metropolitana de San Salvador
CONAMA	Consejo Nacional de Medio Ambiente (Chile)
COVAAP	Comité de Vigilancia del Agua Potable (Perú)
DFID	Department for International Development (UK)
EEC	European Economic Community
EMS	Environmental Management Secretariat
EPFL	Escuela Politécnica Federal de Lausanne
ETOSS	Ente Tripartito de Obras y Servicios Sanitarios (Argentina)
EWG	Executive Working Group (MSBC, Brazil)
FLACSO	Facultad Latino Americana de Ciencias Sociales
FONCODES	Fondo de Compensación del Desarrollo (Perú)
FOSIS	Fondo de Solidaridad e Inversión Social (Chile)
GEF	Global Environment Fund
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICI	Instituto de Cooperación Internacional (Spain)
ICLEI	International Council for Local Environmental Initiatives
IDB	Inter American Development Bank
IDES	Instituto de Desarrollo Social (Uruguay)
IIED-LA	International Institute for Environment and Development –America Latina
IULA	Instituto Urbano Latino Americano
JICA	Japanese International Cooperation Agency
M&E	Monitoring and Evaluation
MSBC	Municipality of São Bernardo do Campo (Brazil)
MSF	Municipality of San Francisco (Argentina)
MVMT	Municipality of Villa María de Triunfo (Perú)
NGO	Non Governmental Organization
OPAMSS	Oficina de Planificación del Área Metropolitana de San Salvador
OSE	Obras Sanitarias del Estado (Uruguay)
PPP	Public-private partnership
PRISMA	Programa Salvadoreño de Investigación en Desarrollo y Medio Ambiente (El Salvador)
RSCP	Residual Solids and Citizen Participation (MSBC, Brazil)
SACDEL	Sistema de Asesoría y Capacitación para el Desarrollo Local (El Salvador)
SEDAPAL	Secretaría de Agua Potable y Alcantarillado de Lima
SIREMU	Sistema de Regulación Municipal (La Paz, Bolivia)
TOR	Terms of Reference
UERS	Unidad Ejecutora en Residuos Sólidos (El Salvador)
UK	United Kingdom
UNDP	United Nations Development Program
USAID	US Agency for International Development
WEDC	Water Engineering Development Centre (UK)
WHO	World Health Organization

## **EXECUTIVE SUMMARY**

### **Purpose of the Evaluation**

The purpose is first, provide IDRC with an assessment of results from the most recent phase of the small research grant program (SRG) carried out by the Environmental Management Secretariat (EMS) between August 1999 and April 2002; and second, analyze the implications of this assessment for future programming; in particular to examine the market for the Secretariat's services and explore options for consolidating the process through more effective participation of local governments, enhanced research capacity and broadening the funding base to include other entities with parallel or complementary interests.

### **Methodology**

Assessment of SRG procedures was undertaken in three phases: i. review of background material; ii: discussions with EMS staff; and iii: field interviews. . Program results were evaluated from a sample of seven case studies. The sample was selected to represent a range of: environmental management issues (solid waste, water supply and sewerage) addressed through public-private partnerships (PPP); municipal-research center relationships; and methodologies. In the field visits discussions were held with various actors engaged in the conduct of the research and with those expected to be users of the research findings (see Box 1). The assessment of opportunities and constraints to improvement of the SRG process and implications for EMS' future program is derived exclusively from interviews with IDRC staff in Montevideo and the issues arising in the case studies.

### **Program Performance**

EMS is clearly at the cutting edge of what the Johannesburg Summit has highlighted as "Type-2" partnerships involving governments, business, NGOs and local community groups. The topic of PPPs in environmental management chosen by the EMS is highly relevant to municipal concerns. The bidding document was carefully specified and effectively distributed. The use of an external panel – representatives from the World Bank, UNDP and Habitat – was innovative and enabled rigorous, transparent selection and enrichment of the quality of proposals. Monitoring and evaluation (M&E) of the grant cycle by EMS staff was constrained by: wide geographic distribution; resources available for effective follow-up; inconclusive progress reports; and difficulty in imposing quality control on technical reports which were submitted with full approval of the municipalities. Implementation of the program required 32 months –longer than expected. This was due to extended delays in some of the steps, particularly in time required to complete studies. The experience suggests that some phases could be accelerated and that a realistic period for a study approaches 12 months.

**Box 1**  
**Private – Public Partnership in**  
**Management of Solid Waste in El Salvador**

The San Salvador Metropolitan Area is illustrative of rapidly evolving incorporation of the private sector in provision of a public service linked to environmental management – disposal of solid waste for an urban population approaching 2 million. Since 1997 the Council of Mayors (14 municipalities) has undertaken a series of innovative measures with support of central government ministries, NGOs and several international donor agencies. These led to : creation of micro-enterprises at the community level for collection of household solid waste and street cleaning; transport of waste by municipal trucks or leasing arrangements with private operators; and formation of a mixed public-private enterprise through a contract with a Canadian company to undertake activities such as closure of formal and informal rubbish dumps, operation of a new sanitary fill, technical assistance to municipal authorities, and environmental education.

In June 2000 EMS provided a grant to the Council to sub-contract two Salvadorian research centers to undertake an evaluation of the dynamic process underway. The aim was to identify technical and institutional constraints impeding implementation of actions to strengthen public-private programs. The approach adopted was heavily oriented to participation by all the above actors and achieved a surprising degree of transparency on weaknesses in the system – ineffective bureaucracy, inertia, monopoly practices, non-coordination. Building on the strengths and constraints identified, the study made several recommendations for change which were discussed with the Council and in meetings with other actors in early 2001. Since that time the Council has established a unit for supervising contracts in solid waste disposal and is negotiating a \$70,000 grant from the UNDP to implement a number of recommendations in two municipalities. In addition, a recently approved \$80 million IDB loan will be largely oriented to solid waste management. Many local authorities use the study as a manual for contracting with micro-enterprises. On the negative side, the Government has recently enacted a law prohibiting contracts for services of more than one year. This has a perverse impact on credit availability. All these elements, combined with a major move by the Government in 1991 towards decentralization – an increase from 1% to 7% in the allocation of the national budget to municipalities – give an idea of the highly dynamic context in which the EMS grant was implemented, and in which study recommendations may be adopted.

### **SRG Performance**

The EMS program over six years has involved a total IDRC investment of \$600,000, primarily in 38 research grants. The most recent call for proposals led to eight grants (\$110,000). When one compares this program with many of the large technical assistance programs supported by international donors, it must without doubt be judged as highly cost-effective. The niche EMS has carved out for itself in introducing a high “knowledge” content largely explains this effectiveness. It has been particularly successful in its poverty orientation. All cases focus on the role of micro-enterprises associated with low-income urban communities. However, in the area of generating an autonomous demand for policy-relevant research it was less successful; in the institutional context governing decision-making in most municipalities progress on this score appears some way off.

Aside from the above areas, the program was expected to contribute to strengthening capacity of senior technical staff and policy makers in municipal governments, which in the medium and long term should lead to improved policy formulation and implementation. There has been strengthening of staff and policy makers but the impact has been constrained by two factors: limited staff participation in the research; and lack of career paths and high turn-over of senior policy makers (political appointees). However, it is difficult to take the next step and suggest tangible change in policy attributable to SRGs in those four or five cases where there have been relatively active staff participation and continuity of mayoral leadership. The issue here centers

on the overall context of change in which the municipalities operate. In all cases they have had wide-ranging portfolios of grant-funded activities, some going back 10-15 years. In addition, in six of the case studies, the research center had already been engaged in projects with the municipalities on the research topic for periods ranging from three to ten years, and expects to continue the relationship. Under these circumstances it was decided not to attempt to forecast a counterfactual “without grant” scenario from which one might speculate on change “attributable” to an SRG. An approximation of the relative performance of the grants is given in Table 1 and Box 1 illustrates how impacts have or may have evolved in one case.

In retrospect, it could be argued that the real impact of the program should not be measured by the precise change in capacity or policy in a particular municipality, but rather from the multiplier effect from networking, documenting and disseminating tests of innovative methodologies or evaluation of innovative experiences. EMS has placed all technical reports on the Web. Two research centers have published in journals and presented papers in conferences. All intend to publish a summary report. In three cases the studies have led to follow-up grants from other donors promoted by the research centers and another three intend to propose follow-up. It is noteworthy that the municipalities themselves have not taken the initiative. It appears that more could be done in follow-up and dissemination of the innovative aspects of the SRG process.

### **Operational Issues**

The evaluation raises a number of issues bearing on how IDRC might proceed with the EMS initiative. Unlike programs or projects, the Secretariat is intended to become a permanent entity with a sustainable source of funding. Many similar IDRC experiences suggest that consolidation of such an entity will be relatively long-term. In addition, due to the nature of the institutional context, there are risks as is evident from the foregoing discussion which implies a degree of instability and scarcity of human, financial and institutional capital in the hands of local governments. Nevertheless, the risks associated with the program are associated with high pay-offs – given the process of change underway in decentralization, community participation, equity and environmental management in which municipalities will play a **critical** role. Considering the track record and contacts established in the field of local government environmental management over the past six years, it is essential to capitalize on this and retain the focus rather than broaden into other sectors.

The SRG program should be the axis of the Secretariat’s operations. It generates knowledge on innovative experience and provides legitimacy in that it allows EMS to have direct dialogue with local government authorities who constitute the end-users of the experience expected to result in **change** of policy and other institutional arrangements. However, a number of modifications might be considered such as: (i) develop the basis for a typology of bidding documents; (ii) take steps to increase municipality involvement – require internal workshops and meetings with other relevant actors to discuss research findings, allow use of grant funds to hire senior staff members on a part-time basis for the study team, require submission of a summary report for publication subject to EMS review, and provide travel funds for a staff member to present the case in a regional or international meeting; and (iii) have the Secretariat play a more pro-active role in the grant cycle, particularly in quality control of the published report and in ex post evaluation and related follow-up to maintain momentum developed in the study, exploit leverage of the research findings through other donor or loan initiatives, or remedy shortfalls in performance.

Given the long-run objective of the Secretariat, there should be consideration of expanding non-SRG activities. Special studies (undertaken originally by EMS and staff) oriented to developing a framework for actions aimed at the objective should be a high priority. Other areas might include:

publications to provide greater visibility to the Secretariat, workshops and networking with a broader range of potential clients than that established to date. A component of the special studies, workshop, publication and networking activities, could be oriented to evolving the agenda for transition of EMS to a self-sustaining entity.

The fundamental challenge facing EMS is how to orchestrate the SRG and non-SRG activities to establish a sustainable financial base. The evaluation suggests that the current clientele – municipalities and research centers – can be expected to provide logistical and staff support, but not significant funding. Thus, the broadened intellectual and financial base will derive from the set of large national and international suppliers of technical assistance, grants and loans, whose concern is the environment/poverty aspects of local government policies, programs and projects. EMS needs to work with these two sets of clients through the range of options open, to define (by successive approximation) the next phase of the Secretariat – nature of the governing body, organization, critical mass (budget) and priority activities. Strengthened actions, complementary to the research grants aimed at clarifying the priorities and agendas of the municipalities, local communities, the private sector, NGOs and other donors appear crucial in this process.



## 1. INTRODUCTION

This evaluation covers implementation of the most recent segment of the competitive small research grant (SRG) program administered by the Environmental Management Secretariat (EMS). The bidding document for the program was distributed in August, 1999 and final payment on the last grant – thus closing this segment – was made in April, 2002.

### 1.1. Methodology

The approach to the evaluation is based on the terms of reference (TOR) prepared by EMS in consultation with the Evaluation Unit of IDRC (see Annex A). Assessment of EMS procedures and performance in administering the program is based on discussions with staff of the Secretariat and previous review of files relating to preparation of the bidding document, its distribution, proposal selection and the grant cycle. In the latter area in-depth review was made of the seven grants chosen as case studies (see Annex B). The findings from this assessment are presented in Section 2.

Evaluation of the realized or expected outcomes of the research process and technical reports is based exclusively on the cases presented in Annexes C-I which were selected to represent a range of: environmental management issues addressed through public-private partnerships (PPP); municipality-research center relationships; and research methodologies. In these cases field visits were made for discussions with municipal officials who participated in and were responsible for administering the research, and with the study director (and staff) of the research center sub-contracted by the municipality. In those cases where it appeared relevant, discussions were also held with representatives of other participants in the research process – community micro-enterprises, NGOs and corporations providing services in potable water supply, sewerage and solid waste disposal (see Annex J).

The framework for evaluation of the SRG program performance is based on the conceptual papers prepared by the EMS and the 1999 bidding document and its annexes. The bidding document is clear on the purposes of the SRG program:

- a) The focus will be systematic generation, accumulation and dissemination of knowledge on PPPs in urban environmental management;
- b) research on PPPs to generate this knowledge must promote association between municipal authorities and research centers, and must be relevant to improved formulation and implementation of policy for environmental management; and
- c) the research will have:
  - **two general objectives** related to provision of better and sustainable urban environmental services – access to new **financing mechanisms** and - new **institutional models** - based on broad participation of public, private and NGO stakeholders (particularly low-income groups e.g. through community micro-enterprises) who progressively recognize social responsibility in a context of on-going decentralization; and
  - **specific objectives** covering: - development of new **methodology** (based on a case study) for monitoring and evaluation (M&E) of the process of PPPs and the **role** of the various stakeholders in the above financial mechanisms and institutional models, and/or the application of existing methodology (in a case study) to the **evaluation of options for design** of new financial mechanisms and institutional models based on testing hypotheses with respect to:

- strategies and programs for promoting partnerships among government, private corporate enterprise, financing institutions, local communities and NGOs
- the role played by these various stakeholders
- measurement of performance of these new mechanisms and models in terms of improved water supply and solid waste disposal service (access, coverage, quality, price), economic efficiency, employment, equity and environmental sustainability.

The expected impact of the program, set out in the bidding document, is that the participatory research process and the accumulation and dissemination of the knowledge generated will contribute to: more efficient and expanded environmental services; increased employment and equity; and an improving process of environmental management in urban areas. At this stage the probabilities that such impacts may eventually be attributable to the program depend on a judgment on its expected contribution to the following outcomes:

- increased capacity of professionals in municipal government to address the issues in exploring new financing mechanisms and new PPP institutional models for providing urban environmental services on a sustainable basis;
- increased capacity of all stakeholder groups involved in PPP to address the above issues, with particular emphasis on low income communities organized to run micro-enterprises;
- demonstration of new viable mechanisms and models which have been either documented and evaluated, or tested (or should be tested) through action-research;
- dissemination of knowledge relevant to the above outcomes, in expectation of multiplier effects, through horizontal cooperation, the media and publications or papers presented in national and international fora; and,
- deriving from the above, creation of new or expanded demand by municipalities for services of research centers in support of decision-making on urban environmental policy and management.

## **1.2. The evaluation process**

The evaluation was initiated on July 29, 2002 with discussions in Montevideo with IDRC staff on the scope and nature of the assessment to be made. The performance criteria specified in the TOR were reviewed together with the interpretation of EMS objectives outlined above. It was agreed that the assessment would be fully participatory in seeking the views of a wide range of actors concerned with the conduct of the study and the use of the results – the research center, municipality, NGOs, other donors, corporate enterprises, community committees and micro-enterprises - during the field visits. It was also determined that the purpose of the evaluation would be two-fold – first, to assess achievements of the SRGs; and second, to identify opportunities for improving efficiency in EMS' approach, such as: change in procedures and scope, reallocation of resources, or exploration of new areas for incorporation of other donors.

The task was undertaken over a six-week period ending September 10, 2002 with a maximum commitment of 35 working days, of which 20 were spent in field visits. With travel, national holidays and weekends, the average time spent in interviews for each case was about one and a

half days. This limited the breadth of contact with participants and potential users of the research. The tradeoffs between quality of the evaluation and time spent in the participatory process are discussed in [Section 4](#). The evaluation of SRG performance is presented in [Section 3](#).

### **1.3. Operational implications for EMS**

In response to points (e) and (g) in the TOR ([Annex A](#)), the key issues which appear to have favored or hindered achievement of the grant objectives are analyzed in each case study (Annexes C-I). Based on this analysis, an assessment is made in Section 4 of options for improvement or modification of procedures which may enhance program results. Issues arising from the evaluation for transforming the Secretariat into a permanent entity are discussed in [Section 5](#).

## **2. SRG PROGRAM PROCEDURES**

### **2.1. Rationale and clarity of the bidding document**

In July 1999 representatives of the World Bank, Habitat, the UNDP and Yale University were invited to participate in the process of design of the bidding document, promotion of the call for SRG applications, evaluation of research proposals and selection. The framework and objectives of the SRG program, discussed in Section 1, are well presented in the bidding document, which was prepared in Spanish, Portuguese and English. The rationale for the program, based on IDRC's Mexico International Meeting (November 1998), is well argued. The topic of PPPs in environmental management is a clear priority for municipalities in the emerging process of decentralization, privatization, participatory planning and progressive involvement of low-income urban communities in activities to improve environmental services and health. The fact that 68 municipalities responded to the call for proposals is a direct reflection of the clear statement of the issue and its relevance to immediate concerns.

### **2.2. Distribution of the bidding document**

Since 1996 EMS has developed an extensive network of contacts with municipalities and research centers throughout Latin America specialized in analysis and evaluation of policies and actions related to improving environmental quality in urban areas. The document was put on the EMS Web site and on the IDRC bulletin "We Share" (750 subscribers) on August 31, 1999. E-mails were sent to a selected set of institutions. Canadian embassies in the region disseminated the document and the international agencies on the selection panel distributed it through their networks. Municipalities were given two months to present a summary proposal covering preliminary ideas on seven points in design and implementation of the research. The procedure is judged to be comprehensive, fully adequate and efficiently executed.

### **2.3. Screening of summary proposals**

The staff of EMS reviewed the summary proposals in terms of nine selection criteria. Of the 68 proposals, 23 were rejected as being outside the terms of reference. The remainder were sent to the selection panel which applied the same selection criteria and identified a short list of 12 where applicants were asked to prepare detailed proposals. Both the selection criteria and their application in this screening process were respectively appropriate and transparent.

### **2.4. Project selection**

EMS has placed particular emphasis on application of a technically rigorous and transparent process of screening the detailed proposals. The independent panel used 11 weighted criteria to establish an order of priority. Since the panel members are drawn from agencies which have programs in urban development the quality of the eight proposals finally selected benefited from their suggestions. Final selection was based on an exchange of correspondence and a conference call with the panel. Announcement of the successful candidates was made in March 2000. The process is innovative and effective.

## **2.5. M&E of the grant cycle**

The grant agreements contain provisions that enable EMS to follow research progress and exercise a degree of quality control – a progress report is required at the end of the second month of implementation; EMS staff or consultants may visit the project site during implementation for discussion with any of the actors involved; submission of financial and technical reports; and presentation by the municipality of an “evaluation letter” indicating the linkage between research results and its policies. The progress report proved to be a largely routine procedure; only in one instance did it lead EMS to require a change in scope or methodology of the research. In order to foster independent action by the municipalities and research centers it was decided to undertake M&E at a distance – e-mail, telephone, etc., rather than engage in routine M&E field visits. The financial reports were all submitted and certified. However, the technical reports proved difficult to use as a vehicle for quality control. In five of the seven cases, EMS made comments on draft technical reports, but it was seen as potentially counter-productive to reject a final technical report certified by a municipality. This was particularly true when the government changed in the course of the research. Four of the “evaluation letters” offered constructive comments. The remainder provided no meaningful insights on the relevance of the research to proposed change in organization or policy formulation and implementation. Two factors contributed to this situation. First, the requirement to provide an evaluation of the relevance of research results essentially at the same time as the presentation of the technical report gave the municipal authorities little time to reflect on the probability and direction of change in policy as a consequence of the research. Second, in those cases where mayors and/or senior officials were replaced in the course of the research, the incoming authorities did not feel capable of in-depth assessment of results. In review, technical and institutional factors proved to be significant constraints to EMS’ ability to undertake effective M&E.

## **2.6. EMS efficiency in administration**

The work required to deal with this multi-phase process involving a large number of interested parties proved to be extremely demanding. Implementation of the program required 32 months to complete. All summary proposals were received within the time allowed. The two-tiered screening process leading to final project selection required five months. Contract negotiations ranged from one to three months. Processing of the initial grant disbursement in most cases required three months. Thus, studies were initiated 12-14 months after distribution of the bidding documents. Although these documents specified a six-month study period, in practice only one complied with this stipulation, the remainder ranging from 10 to 18 months. EMS procedures for report approval and final disbursement were completed in less than two months of receipt of reports.

These procedures appear to be drawn out – although in a number of steps this was beyond EMS’ control. On the basis of this experience the Secretariat should be able to accelerate program implementation.

### **3. SRG PERFORMANCE**

The overall performance of the SRG program is assessed here in terms of the extent to which the process of generation and dissemination of knowledge may be expected to contribute to more efficient and sustainable environmental management and poverty alleviation in urban areas through: identification and/or validation of innovative financing mechanisms and institutional models for PPP as an instrument for improved environmental management, particularly in low-income urban communities; strengthened capacity of municipalities to engage in PPPs; change in capacity and attitudes towards social responsibility among other actors in the PPP process; and creation of new demands by municipalities for policy-relevant studies contracted with research centers.

#### **3.1. Poverty alleviation**

The virtually exclusive focus of the 1999 SRGs on the role of micro-enterprises associated with low-income urban communities classifies the program as poverty-oriented. The population of the specific target groups is 64,000 in La Paz, 4,000 in San Fernando, 4,000 in Salto and 20,000 in Municipality of Villa María del Triunfo (MVMT). In the remaining studies one may assume the target group to be all the urban poor within the municipality.

#### **3.2. Strengthened capacity of municipalities**

The probability that the grant process may have increased the capacity of municipal staff varies widely, according to the institutional context of the case (see Box 2). In the cases: of Tomé, MVMT, San Salvador, and Municipality of Sao Bernardo do Campo (MSBC) the studies made a useful contribution due to the active staff involvement, meetings with division directors and internal staff seminars. San Fernando represents an intermediate situation. **In Salto there was probably little impact.** In La Paz staff turn-over precluded any significant strengthening.

Although individual staff members in the municipalities have been enriched from association with the studies, two questions remain:

First, what are the probabilities of change in the institution itself – the rules of the game – in seeking greater community participation or more workable partnerships with the private and NGO sectors? The answer seems in large part to hinge on turn-over of staff and elected municipal councilors which influences discontinuity of policy and limited motivation within the municipal bureaucracy to be performance-oriented. The extreme cases are Salto and La Paz where the combination of these elements conspire against strengthening the institution.

Second, how much of any change expected in the capacity of the municipality may be attributable to the grant? In all cases except Salto, the research centers involved had been associated with the municipalities on the precise topic of each study for periods ranging from three to ten years. Thus, the grants were seen as a means of: evolving a whole new PPP dimensions as in MSBC; developing new operational procedures in municipalities for PPP as in San Salvador; evaluating a model e.g. San Fernando; or follow-up to refine a model e.g. MVMT and Tomé. In several cases the research centers expect continued involvement for a number of years, as in Tomé, San Fernando and MVMT. Thus, one might conclude that it will be impossible to isolate the degree of change attributable to a 6-12 month study in an on-going stream of grant-funded activities ranging from action research to facilitation in community development. Under these

circumstances no attempt was made to forecast the counterfactual municipal technical and managerial capacity "without" the grant.

#### **Box 2**

##### **Capacity Building for Environmental Management**

The MVMT study (p. 41) specifically addressed a basic lack of communication and internal coordination in the municipality which constrained effective formulation and implementation of environmental policy. Similarly, in San Salvador (p. 99) inadequate human resources limited action, and the study (p.106) included numerous activities (discussions, workshops) designed to initiate improvement in this situation. The focus in the MSBC case (pp. 22-23) was heavily oriented to information exchange as a basis for capacity building among all potential actors – the technical committee of the municipality, NGOs, community organizations and industry associations. Lessons learned from the Tomé experience (pp 50-51) served as a model for contracts between communities and local governments in other municipalities. This study also provided the basis for regional workshops incorporating staff from eleven municipalities on re-design of education programs for solid waste management.

### **3.3. Change in municipal policy formulation and implementation**

The extent to which the studies may be expected to contribute to effective change in policy runs parallel to strengthened capacity of municipal council members and senior staff. Uniformly senior managers have expressed considerable interest in the research results. However, to translate this interest into a more coordinated approach to environmental management by the relevant municipal departments appears to depend on the dynamics of the process into which the study was inserted (see Box 3). In all cases lack of financial resources is cited as a constraint to policy change. Where major technical assistance projects or infrastructure loans are contemplated, as in the cases of San Salvador, MVMT and Tomé, one may expect ideas from the studies to influence decisions.

From this review of EMS experience, it is concluded that the opportunity for a grant to contribute to change in policy is constrained in many cases by the intractable bureaucratic structure of municipalities which limits internal coordination, and prolonged time periods for structural modifications. The evidence suggests that if studies are to lead to significant change in this aspect perseverance will be required in follow-up with higher visibility of the Secretariat in the process. This relates to point (3.5).

#### **Box 3**

##### **Knowledge-Based Change in Environmental Policy**

The SRGs provide insights on the potential for knowledge to change policy. In MSBC (pp 42-43) the research placed particular emphasis on the links between the municipality and the private sector in the sphere of public policy, where corporate interests assume social responsibility rather than the traditional "assistance" approach. In San Salvador (p.6) the municipal authorities accepted the principle of taking politically unpopular decisions in order to provide more sustainable and financially viable environmental services. The La Paz case (p.44) draws attention to the importance of education aimed at a better distribution of responsibilities between society and the local government. Experience from MVMT (p.12) shows environmental policy to be more effective when local organizations are in a position to establish effective cooperation with the municipality, thus minimizing the traditional approach of treating communities as clients.

### **3.4. Strengthened capacity of non-municipal actors in the PPP process**

As indicated above the focus of all cases has been on the interface between facilitation and action-research aimed at strengthening community micro-enterprises and, in the process, validating methodology. To varying degrees all studies improved the capacity of organizations in low-income communities and their associated micro-enterprises to better manage their operations and more efficiently negotiate with municipal or central government authorities. Where the orientation is heavily towards promotion and facilitation of community micro-enterprises, as for example in MVMT, the direct strengthening of a specifically identified target group (three communities) is relatively easy to document. In more macro-oriented action-research approaches, such as MSBC, the strengthening is more diffuse but at the same time is on a wider scale.

Because of their past associations with the municipalities, the research centers see themselves as major actors in the PPP process. The International Institute for Environment and Development – América Latina (IIED-AL) has not only contributed to organization of low-income communities in the San Fernando municipality and to facilitation of their negotiations with the local authorities and the French-owned water supply enterprise, but also has negotiated significant grant funding for infrastructure over the past decade. The Centro de Educación y Tecnología (CET) has played a similar role in Tomé since 1982 and expects to continue this relationship at least until 2004. EcoCiudad was a major player in the \$18 million EEC-funded ten-year program for water supply through low-income community micro-enterprises in Lima. This meant extensive association with MVMT and it expects to maintain contact as a member of the NGO consortium which will implement the World Bank loan for follow-up to the EEC program. In the case of MSBC, POLIS, as an institute for research, training and technical assistance on social policies, sees itself as a contributor of innovative ideas – not a mere facilitator. POLIS also has credibility with the municipality because of its capacity to draw powerful private enterprise and civil society groups into negotiation of PPP. Under these circumstances the SRG program has undoubtedly improved the capacity of these entities to play a constructive role in PPP for urban environmental management. One may raise the same question applied above to municipalities on strengthening of individuals vis a vis institutions, where the latter may be expected to have sustainable impact. The probability of institutionalizing the impact is likely to be significantly higher in the case of research centers.

Where private corporations were contracted by municipalities for water supply, sewerage or solid waste disposal (Clima Sky in La Paz, AASA in San Fernando, MIDAS in San Salvador, and Vega Ambiental in MSBC), participation in the studies was minimal. This is no surprise since the SRG bidding document is explicit that the “study of PPP mechanisms should be oriented to promotion, analysis, employment generation, efficiency and financing of micro, small and medium local enterprises”. However, the cases suggest that these corporations are, or could be, major players in association with local communities, in providing services to low-income groups. An issue here is the institutional arrangements (e.g. transparency, “level playing field”) and technical and managerial capabilities of municipal, local community and corporate actors. In this macro context, any capacity strengthening would derive from speculation that the grants might be credited with initiation of a long-term PPP process. In fact, the same speculation would apply to eventual impact on all actors. The question arising here is whether one could be more conclusive or less speculative if the Secretariat were to engage in selective follow-up discussed in [Section 4](#).

### **3.5. Generation of follow-up activities**

In MVMT the follow-up with FOBIDA in consolidation of the association of micro-enterprises was promoted by EcoCiudad; it also promoted a request to EMS from the municipality to fund establishment of a new division for environment and publication of a study report. CET was largely responsible for a \$125,000 grant from a Belgian NGO – Flanders – in solid waste recycling in Tomé. It was also influential in a \$750,000 EEC project for 12 municipalities (one of which is Tomé) in south-central Chile in the same field. In San Salvador, PRISMA was instrumental in having the municipality submit a request to UNDP for \$70,000 to implement the study findings. In the case of the PPP process tested in MSBC, POLIS is interested in follow-up to carry the action-research on private participation to a further stage in the wider context of the Municipality of Sao Paulo. In La Paz, the Prohabitat project director wishes to promote an action-oriented project with the newly-formed semi-autonomous agency (SIREMU) within the municipality charged with regulation of contracts with the private sector (corporations and community micro-enterprises) for social services.

From the foregoing it is concluded that the SRGs have generated considerable interest in follow-up. However, initiatives are being taken largely by the research centers involved rather than the municipalities. This aspect appears particularly relevant to the role of the studies in strengthening staff and changing policy discussed above.

### **3.6. Generation and dissemination of knowledge**

Under the SRG program knowledge was to be generated through case studies which developed new methodology for, or applied existing methodology to specification, evaluation or validation of innovative financing mechanisms and institutional models for PPP in urban environmental management. The prime focus of all studies was mechanisms for creating or strengthening low-income community enterprises (micro-enterprises) which would be part of a PPP system involving the municipality, NGOs, and in some cases corporate enterprises, to provide environment services through management of solid waste, potable water and sewerage. However, the points of entry in this focus vary among the seven cases. None of them address the issue of innovative funding mechanisms. However, in the area of innovative institutional models for PPP, they provide valuable insights on the opportunities and constraints to improved environmental management through such partnerships. The cases of Salto, San Fernando, MVMT, La Paz and Tomé are all heavily oriented to action-research in formation or operation of viable micro-enterprises. La Paz and San Fernando also reflect issues where PPP involves major private corporations in solid waste management and water supply respectively. The San Salvador case is oriented to the regulatory and contractual framework through which the 14 municipalities in the metropolitan area deal with micro-enterprises in solid waste management. The MSBC case represents a completely different approach. A mechanism is explored to get private enterprise involved at a sectoral level (CIESP) as a partner with the municipality and NGOs in formulating a program for residual solids management (incorporating micro-enterprises) and providing funds and management expertise for its implementation.

The cases all relate to assessment of innovative institutional models for PPP. However, the critical issues bearing on performance are – quality and relevance of knowledge to decision-making; and – its dissemination primarily via publications, but also through horizontal cooperation, seminars or wider conferences sponsored by professional or sector associations.

The technical reports submitted by the municipalities in compliance with their EMS contracts are of mixed quality. The fact that they are submitted by the municipal authority or, in the case of La



Paz and San Fernando (where contracts were directly with the research center), are accompanied by an approval letter from the authority, carries the implication that reports are of good quality and relevant to decisions. In two cases the technical reports do not meet these requirements. Another case report provides an excellent evaluation of a PPP model and methodology in participatory action-research, but goes on to make a number of gratuitous non-operational recommendations in the conclusions. One or two other reports tend towards a “conventional wisdom” check-list approach on the conclusions and recommendations which detracts from what are otherwise excellent studies.

All technical reports submitted under the research contracts have been disseminated by EMS via the Web. San Fernando and MSBC are widely regarded as examples of “best practice” in Latin America and therefore offer a potential to EMS for high visibility. IIED-AL and POLIS have published journal articles and presented papers in national and international meetings related to their respective cases. CET is preparing a video on recycling based on its Tomé experience over the past five years. Six of the research centers involved in the SRG program have plans to publish executive summary type reports in association with their municipal partners. Since there was not contractual obligation with EMS, there appears to have been limited incentive for action – publication is still pending, six to 18 months after formal study completion. These delays may be ascribed to lack of funds in some cases or relatively low priority in allocation of time by the prime authors. Aside from these prospective publications no further action is currently planned for dissemination.

### **3.7. Creation of research demand in municipalities**

Over the past 10-20 years the municipal authorities covered in this evaluation have had extensive links with NGOs and non-profit research centers of the type that performed the research in the SRG program. It is probably safe to say that in no case were there contractual arrangements under which these centers received payment from the municipality, although there were counterpart inputs in terms of staff time and logistic support. The funding either came from: standard core support of the centers themselves, e.g. IIED-AL, CET, Prohabitat, POLIS or EcoCiudad; central government programs for social development and the environment, e.g. FOSIS in Chile; or from international sources (GTZ, EEC, UNICEF, foundations, etc.). As a result of this experience, the municipalities are completely attuned to the receipt of grant funds to support studies or community development activities. Further, in poor municipalities such as MVMT, Tomé or Salto, part of the cost of consulting contracts – such as engineering design – is normally covered by special central government programs to support backward areas, e.g. FONCODES in Peru. With the exception of MSBC, the other six municipalities in the sample addressed here are notoriously short of funds. Most of the time they appear to be in a “fire-fighting” mode, dealing with short-run crises and conflicts. They are usually in the position of reacting to outside circumstances rather than taking initiative. Many of the ideas for initiatives come from central government agencies, NGOs or international entities which provide funds. This situation, coupled with a long history of concessionary funding would suggest that the “culture” of contracting research of the type funded by EMS is virtually non-existent. EMS is seen as another source of grants similar to those listed above.

The cases suggest that the real clients served by EMS are the research centers. The municipal authorities appear to show little interest in accessing the Web, reviewing bidding documents supplied by other means or contacting research centers to design proposals consistent with both their own policy priorities and the Secretariat’s specifications. This tendency towards municipal inertia in responding to the opportunity EMS has provided suggests slow progress towards generation of effective demand for research services.

## 4. OPERATIONAL ISSUES

The foregoing discussion of program performance implies a number of questions on whether EMS might consider modification in some of its activities to improve probability of impact.

### 4.1. Project selection

As indicated in Section 2, EMS currently follows rigorous project selection procedures under which proposals are evaluated by a highly qualified independent panel which applies a set of weighted criteria. In spite of the impeccable objectivity of this process there may be reason to consider some modification.

#### *Measures aimed at maximizing probability of “success”*

The application of such measures could involve EMS in considerably more homework before it submits the proposals to the selection panel. From these seven cases, there appear to be a few pre-conditions which may contribute to improved performance in the seven indicators reviewed in Section 3:

- relative stability of the municipal authority receiving the grant
- strong previous linkages between the research center to be sub-contracted and the municipality
- structure and technical and administrative capacity of the staff which suggests effective management of the grant
- involvement of a research center which, aside from demonstrated facilitation and action-research capabilities, has a track record in high quality publications and participation in relevant national and international professional and sector association meetings.

In considering these elements it is evident that in general EMS has mobilized high quality research centers with years of experience in working with the municipal grantee. Also, most of the municipalities exhibited a high degree of stability with mayors in office for two or three terms.

Four problems arise in implementing selection criteria such as those suggested above. First, it is unlikely that EMS could form a meaningful judgment of these aspects from review of a written proposal. Second, there is a strong element of subjectivity when one attempts to assess qualitative characteristics of the municipal authority or the research center. Third, this would increase EMS's overhead costs (in developing the necessary background materials for the selection panel) and cause delay in the selection process. And, fourth, EMS might be seen as trying to strengthen the municipalities and centers which are already strong (even though this maximizes probability of an innovative study which will be acted upon). As the saying goes, “nothing succeeds like success”. This is illustrated by the San Fernando municipality and MSBC, considered as models, where NGOs and other donors, plus lending agencies are more than willing to provide funds and technical assistance to test new ideas. Should EMS be concerned with strengthening relatively weaker institutions – municipalities, NGOs, research centers etc., engaged in PPPs?

### *Measures to maximize expected relevancy*

Six criteria are already applied by EMS to a judgment on relevancy. However, one might consider two tests of relevancy – that applied by the municipality in the selection of the research topic and design of the proposal and – that applied by EMS with respect to the Secretariat's Latin American agenda (Sections 1 and 5). In the former test, if the role of the municipality is passive, relevancy might be determined by the research center. If this question is to be addressed EMS needs to expend more resources in dialogue with the municipal authorities. In the latter case, EMS might consider developing a **typology** of situations (municipalities, PPP models, methodological approaches) where it could determine whether balance across the range or a degree of concentration is more “relevant” to its agenda.

### *Poverty alleviation focus*

As already indicated the program (reflected from the seven cases) is heavily poverty-oriented. Three cases dealt with metropolitan areas and the remainder addressed mid-sized municipalities where the focus was on specific target groups of urban poor. If the absolute number of poor were to be a criterion for EMS performance, one might expect project selection to minimize case studies which applied to only 2,000 – 3,000 families; and to favor broader studies of PPP policy in large urban complexes. If this were to be the case, stratification of the client “universe” and targeting the bidding documents could be considered.

## **4.2. Contract conditions**

The cases examined in this evaluation suggest consideration be given to a number of elements in the contract.

### *Time frame*

It is evident that if the research addresses aspects such as the technical, economic and social feasibility of a theoretical or proposed PPP model or ex post evaluation of an existing model, it could be accomplished within six months. However, all the proposals called for extensive contacts with low-income communities and a sequence of negotiations with various actors in the PPP process. This precludes completion in less than about 12 months.

### *Achievable objectives*

It is difficult for EMS to judge whether the objectives are reasonable without knowledge of: previous work conducted by the research center with the municipality (in some cases this was considerable); and the likelihood of receiving the quality and quantity of counterpart inputs expected from those involved. The bidding document is abundantly clear on the focus on financial **mechanisms** and institutional **models** for PPP. As alluded to above, some of the reports in the recommendations went well beyond this framework. Perhaps the contract should specify what is **not** to be addressed.

### *Municipal participation*

This is clearly a priority concern for EMS. It may be assumed that as a regional Secretariat, the members it serves, and who place demands on it, comprise municipalities rather than the research centers. Most municipalities have a Department of Technical Cooperation and International Relations whose task is primarily to secure grant funding and technical assistance for priority

projects; a good example is the COVAAP program in Lima. However, EMS is concerned with introducing a more knowledge-based approach to environmental policy. This is of obvious interest to local governments, but given the day-to-day pressures and political imperatives of a resource-short bureaucracy, genuine participation in the research and application of its results by senior staff has been less than expected in many cases. Two contract conditions might improve this situation – a requirement to hold one or more internal workshops to discuss progress and the draft conclusions and recommendations of the study; and a provision whereby grant funds should be used for part-time participation of two or three senior municipal staff members in the study team. For most municipalities this would be feasible. For example, in the San Fernando case, IIED-AL could have contracted municipal staff and, with the benefit of hindsight, would have done so.

### ***Transparency***

In two cases the study reports could not reflect the reality of the PPP model. This would have required explicit mention of institutional constraints which the municipality (or the private sector actors) may see as prejudicial. It is evident that if a municipal authority feels insecure on the issues raised in a study and its ability to address them, it will not put its name on the cover of the report. In practice it may view the whole exercise as counterproductive. The question is whether anything can be written into the contract which may alert EMS early of this potential constraint and offer a platform for dialogue on the issue.

### ***Report publication***

Under current contracts there is no provision for publication of a report on the research. Research centers are encouraged to publish under their own names, giving due credit to EMS's support. In spite of good intentions, there has been little publication and dissemination of results – IIED-AL and POLIS are the exceptions. In general, the research centers recognize that the technical reports are not publishable as they stand; nor were they intended to be published. Aside from the technical report, the contract could require presentation of a summary covering the methodology, analysis and conclusions of the PPP model studied. This report would be submitted in draft to EMS for comment and approval prior to publication. The question of publication and other dissemination activities, appears critical to EMS operations. Timely publication of summary reports on completion of the study should offer considerable leverage to the SRG program. For example, targeted distribution of such reports may be expected to influence large projects such as: the \$80 million IDB loan to El Salvador, 80% of which is assigned to solid waste management; the \$20 million World Bank loan to Peru to carry forward the EEC-funded initiative for micro-enterprises in water supply; and replication of models through central government agencies such as FONCODES in Peru, or ETOSS – the Argentine authority which regulates private suppliers of social services.

### **4.3. Pro-active role of EMS**

The Secretariat has been stretched very thin in developing and administering a complex network and program of SRGs. The question is whether achievement of its agenda may be enhanced by reallocation of resources to provide greater intellectual input into the SRG cycle, follow-up to some grants and development of complementary activities which give leverage to the competitive grants program.

### ***Intellectual input***

It is evident from the cases evaluated that both the municipalities and research centers consider that \$14,000, plus perhaps \$5-8,000 in counterpart staff or logistical support expended over 6-12 months, represents an experiment in introducing new approaches and ideas via research. It is expected to set in train a process of change in the way knowledge is generated and used to promote PPPs to increase the scope (funding) and efficiency, equity and sustainability outcomes of environmental management by municipalities. Accepting the experimental nature of the approach, the dollar amount is perhaps not critical; rather, it is the analytical thinking which comes with the grant that may make a difference. IDRC is well known for its contribution on the latter score. Because of this, it has access to decision-makers in private enterprise, municipal government and research entities. Should EMS have a greater presence (personal participation and ideas on the agenda) in contract negotiation, implementation (e.g. the transparency issue), internal seminars to review research findings or public meetings with wider actor participation to discuss such findings? In addition, there is a question of how much quality control EMS should apply either to technical reports or draft summaries proposed for publication by contracting outside reviewers or editors.

### ***Follow-up***

The same questions mentioned above on physical presence and intellectual input also apply to follow-up. For example, in the cases of Tomé, MVMT and San Salvador the research centers have entrepreneured grants to enable follow-up. EMS might consider routinely supporting the municipalities and centers to promote follow-up e.g. the La Paz and MSBC cases. The issue here is the expected benefit of a marginal investment in follow-up given that the alternative of not investing in some cases may essentially be to write off the grant. It is evident that EMS cannot expect a 100% success rate on its grants. However, the cases reviewed suggest that in some instances EMS could catalyze processes which take advantage of evolving situations (see point (4.4.)). Again, this would require additional EMS inputs to assess such situations. Even in some cases where results are not up to expectations, if this were done in association with local actors and documented, it could be a valuable adjunct to the knowledge generation and dissemination aims of the Secretariat.

### ***Non-RSG activities***

A key question arising from the seven cases is whether EMS can expect to gain leverage on the valuable accumulated SRG experience by investing in activities such as: surveys or special studies, travel grants to municipal officials to enable presentation of the case to regional or international meetings, convening of workshops attended by representatives of research centers and municipalities engaged in the studies (from which a comparative analysis of PPPs might be developed), active promotion of publication or expanded linkages with relevant regional and national associations such as those already established with Mercociudades.

## **4.4. Evaluation**

The question of tradeoffs between EMS resources allocated and achievement of an “optimum,” fully participatory evaluation, was raised in Section 1. Experience from this evaluation suggests that the ex post assessment phase of the SRG cycle could be used as an instrument of follow-up. In this event the TOR would specify that the evaluator identify and interview, not only the immediate participants in the study, but also actors who have been or are currently working on

urban environment/poverty questions directly related to the topic of the SRG. For example, in San Salvador contacts could have been made with the Friederich Ebert Foundation, UNDP, IDB and the Canadian corporation (MIDAS) dealing with solid waste, all of whom have been involved with the municipalities and have plans for future studies and investments. A similar situation applies to MVMT where key actors of interest to any EMS follow-up include the EEC, World Bank, SEDAPAL and the Sociedad Peruana de Derecho Ambiental. In all cases contacts related to the current and future context of potential change in the indicators of performance discussed in Section 3 could be expanded to include corporate entities directly involved, industry associations, central government regulatory agencies which impinge on municipal operations, international banks, NGOs and foreign technical assistance agencies. With this range of participation, the evaluator becomes another “actor” in orienting if and how EMS might proceed with follow-up in the specific case or with adjustments in the grant program. Such an approach would significantly increase the resources required for evaluation.

#### **4.5. The SRG/overhead ratio**

All the operational issues discussed imply a reallocation of limited funds from externally managed grants to internally managed operations. One measure of EMS’s efficiency may be taken as a high ratio of grants to overhead. Nevertheless, the cases evaluated suggest that cost-effectiveness of the RSG component, judged by the achievement of program objectives outlined in Section 1, may be improved by selective reallocation of resources.

### **5. OPTIONS FOR THE FUTURE**

The evaluation raises a number of issues which bear on how IDRC might proceed in the next phase of the EMS initiative. Two premises provide a framework for considering options: first, IDRC intends the Secretariat to be a permanent entity; and second, it does not plan to provide indefinite support. EMS has been in place for six years and executed 40 SRGs for municipalities in eight countries. It has developed a broad network of institutional and individual contacts throughout the Latin American region. This has been an important learning process in capacity building. This evaluation suggests that consolidation of a self-sustaining Secretariat will require perseverance by the Center in an institutional context which entails risks. Sections 3 and 4 provide background from which one might speculate on scenarios of what the Secretariat might look like in five to ten years with respect to program scope and nature, clientele serviced, organizational structure and sources of funding. From there one might go on to examine what steps may be considered by EMS to facilitate a transition towards a more permanent status. One option might be to have IDRC use its convening capability in an adaptive process of broadening the focus of, and participation in, the EMS to incorporate sectors such as international or regional financial and technical assistance institutions, private enterprise associations, local government organizations, national public authorities or foundations. This might enable EMS to build towards a clearing house function and provision of a forum for discussion and action on common interests in strengthening environmental management and associated poverty alleviation activities by municipalities.

It is taken as self-evident that IDRC will retain the underlying thrust of generation, accumulation and dissemination of knowledge relevant to environmental management where concern with poverty alleviation is of prime importance. Using this approach, a sound track record has been established and interest generated – particularly by NGOs and research centers – in municipal environmental management. In addition, judging from the seven cases examined, there is an enormous range of international institutions that are deeply involved in the environmental

quality/poverty dimensions of local government policy in Latin America. These, plus the research centers and municipalities already in the network, constitute the potential clientele of the Secretariat over the long run.

At this stage, there appears to be no reason to consider broadening the scope of the Secretariat to include other sectors where Canada is considered to have strong comparative advantage in the global scene – e.g. mining and forestry.

### 5.1. The SRG program

The competitive SRG program should be retained as the axis of the Secretariat's operations. This clearly offers an opportunity to promote applied research in generation of knowledge on innovative experiences and provides legitimacy to the organization in that it enables direct dialogue with municipal authorities who constitute the end-users of the knowledge in effecting **change** in policy formulation and implementation. However, the results of this evaluation suggest that some redesign of the SRG process be considered. The expectation that the grants could generate an autonomous **demand** by municipalities for the services of research centers to undertake policy-relevant studies has proved to be somewhat elusive. The chronic shortage of resources, combined with a long history of grants (or subsidies) for all studies, even including project feasibility and design, has created a "culture" of concessionary financing which appears to be largely beyond the reach of the Secretariat's program as it stands. The issue here hinges on opportunities to broaden the institutional base of the Secretariat to include international or regional organizations and national private and public entities, including municipal governments. This may be expected to lead to redefinition of common interests and expanded funding.

Another aspect of the program is the relatively low level of municipal participation in the studies in some of the cases. Only in two or three instances did senior policy makers take active initiatives in conduct of the studies. This situation reduces the likelihood that findings will result in policy change or improved efficiency in municipal operations. The following aspects in moving the focus more towards conceptualization, typologies and methodologies, and providing for greater municipal commitment, warrant examination:

- a. EMS could undertake a survey to identify potentially interesting or innovative cases and institutions (NGOs, multi-national corporations such as Lyonnaise des Eaux providing urban environmental services, banks, UN agencies, national industry associations, etc.) which are at present or will be involved in the evolution of such cases. This should enable progressive construction of a typology of cases (and an inventory of institutions active in supporting change in urban environmental management) which may be used in both design and targeting of bidding documents.
- b. In the cases of research proposals which pass the initial screening, EMS should make a systematic effort to establish the **institutional context** with respect to the record of the municipal authority itself in stability and implementation of environmental policy; and the other institutions expected to impinge on the study and use of its results (e.g. the dynamic context of the MSBC, San Salvador and MVMT cases).
- c. Where the record of the municipality is not encouraging, EMS may still approve the grant as an example of a typology and/or to accumulate knowledge on constraints to change. In this case, the **risks** would be explicit and **contingencies** may be built into the research contract.
- d. The research contracts might:
  - be for periods of up to one year

- require the municipality and research center to organize internal workshops with staff of the relevant departments. As a minimum a workshop should be held to discuss the findings of the study prior to drafting the final technical report
  - require the municipality to arrange a meeting with other actors involved in the study to discuss study findings. The minutes of this meeting should be annexed to the technical report
  - require the municipality, where this is legally feasible, to use grant funds to hire two or three senior staff on a part-time basis to be assigned to the study
  - place more emphasis on innovative methodology in research, action-research and evaluation of the case
  - require the municipality to submit a draft summary report subject to EMS approval, which would be published either from the grant or with EMS core funds
- e. EMS should provide funds from the core budget to enable a municipal staff member to travel to a regional or international meeting to present the case study.
- f. EMS should play a more **pro-active role** in the grant cycle such as: possibly making personal contact with municipal officials prior to grant approval; design of the proposal; follow-up on implementation to address possible transparency issues on research design and reporting compliance with workshop requirements; or quality control of the summary report to be published; ex post evaluation and related follow-up to maintain momentum developed in the study, exploit opportunities with other donors in the use of research findings or correct shortfalls in performance.
- g. A key aspect of the pro-active role is the development of a full intellectual partnership with SRG recipients supported by IDRC's prestige, worldwide network of institutional associations and significant convening power. The potential impact of the EMS does not derive from the absolute dollar amount of its budget but from application of the above characteristics of the Center. This is closely linked to the non-RSG activities discussed below.

## 5.2. Non-RSG Activities

Many of the above suggestions on operation of the grant program require funding from EMS' core budget – notably points a), e), f) and g). The premise adopted here is that if IDRC is to launch an autonomous Secretariat in perhaps three to five years or so, it will be essential to re-allocate some resources away from SRGs to the following:

- a. **Special studies:** The survey suggested in 5.1.a) above would be one of these. The studies would be oriented to developing a framework for EMS action through SRGs, regional workshops, travel grants, publications and networking. They may include : literature reviews on selected topics – both IIED-AL and Prohabitat found a review of this nature, and undertaken as part of the grant-funded research, to be highly relevant to their own operations; surveys of national or sub-regional experiences; analyses of the institutional context within which municipalities are evolving their environmental policies and programs; targeted case studies e.g. an evaluation of the EEC's COVAAP program in Lima.
- b. **Workshops:** The EMS grants have accumulated sufficient material to warrant holding a regional workshop attended by representatives from selected municipalities, research centers and national and international donor agencies or NGOs. In addition, some of the special studies could be specifically targeted to formulating an agenda for a workshop with donor agencies, research centers and



private and public sector actors. Both workshops could be seen as the first steps in an approach by successive approximation towards the structure, tasks and financing of an autonomous EMS.

- c. **Publications:** If the Secretariat is to develop a stable funding base it probably needs to consider establishing more visibility with its potential clientele. The Web is an inadequate vehicle for this – even some of the research centers, and none of the municipalities in the cases evaluated were aware that their reports were on the Web. As implied above, the Secretariat should press for publication of timely and high quality summary reports from the 1999 SRG program and require such reports in future research contracts with municipalities. In both cases the Secretariat probably will have to provide partial or 100% financing from non-grant sources. Ideally these would be published under an EMS cover with due recognition of the municipalities, research centers and authors. The technical reports as they stand are unsuited to this purpose. Thus, it will be necessary to face the prospect of contracting outside technical reviewers and editors. Presumably the special studies and workshops would also lead to publications. EMS could also develop a systematic approach to getting articles based on its grant-funded research into journals or trade magazines. Undoubtedly a program of this sort will be costly and tradeoffs in a high or low SRG/non-SRG ratio will require assessment.
- d. **Networking:** The Secretariat has already established working relationships with Mercociudades, IDB, UNDP, the World Bank and Habitat. All the research centers involved in the cases evaluated would like to retain links for both financial and intellectual reasons. Ways might be explored to expand and consolidate these types of linkage in conjunction with all of the Secretariat's activities in research, workshops and publications.

### 5.3. EMS Stability

The real challenge facing the Secretariat is how to orchestrate the types of activity discussed above to establish a stable financial base. The emphasis on "Type 2" partnerships involving government, business, local communities and NGOs, provided by the recent world summit in Johannesburg should facilitate the search for funds. The current clientele of EMS comprises research centers and municipalities. From the cases evaluated one may conclude that no funding can be expected from this set of actors. Networking with national or regional organizations in research, municipal government or community development will clearly increase the Secretariat's legitimacy but will not result in significant sustained financial support. Thus, the only source of permanent funding is the set of relatively large national and international suppliers of technical assistance and grants or loans in support of municipal authorities, such as those mentioned in Annexes C to I. Several of these cases offer an opportunity to explore operational links between EMS and these "suppliers" through funding follow-up actions. However, as already mentioned, it appears that the only approach is via successive approximation using the range of SRG and non-SRG options open to the Secretariat. These approximations should lead to definition of aspects such as : the nature of the governing body, organization of the Secretariat, critical mass (budget) and priority activities. One thing seems clear from the foregoing analysis – the Secretariat needs to strengthen its non-SRG activities.

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## **ANNEXES**

## **ANNEX A - TERMS OF REFERENCE FOR THE EVALUATION**

### **EMS' EVALUATION - TERMS OF REFERENCE**

#### **Purpose of the Evaluation**

- Provide IDRC with an assessment of the core EMS' activities, mainly of the most recent phase of the competitive small research grant program (SRG) , carried out between August 1999 and April 2002;
- Analyze the implications of this assessment for future programming, in particular to examine the market for the Secretariat's services and explore options for consolidating the process through more effective participation of local governments and broadening the funding base to include other entities with parallel or complementary interests.

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#### **Use / Users of the Evaluation**

The results will be used as part of the proposal for the Request for Additional Funding for the next phase of the Secretariat.

The results will be submitted to EMS/IDRC, who in turn will present the document to the members of the Advisory Committee, and to potential external donors.

#### **This Evaluation must include the following aspects:**

##### **a) Programme design:**

To evaluate the design of the Competitive Grant Programme in terms of its contribution to meet the objectives of EMS, in particular with reference to the following:

- a.1) Efficiency and transparency of the process in the following phases:
  - i) preparation of the call;
  - ii) dissemination and circulation of call;
  - iii) selection of proposals and evaluation of phases.
- a.2) Interest in the issue.
- a.3) Quality of findings.

- b) Programme implementation
- To evaluate whether the Competitive Grant Programme is being implemented as planned.
- c) Programme results:
- c.1) To determine the effects of the Competitive Grant Programme on municipal policy-makers, in terms of medium and long-term goals and repercussions in terms of final results.
  - c.2) To determine whether the institutional capacity of beneficiaries has been enhanced.
  - c.3) To determine whether partnerships with other institutions have been fostered.
  - c.4) To determine whether gender-equity issues were encouraged.
- d) Evaluation of organization:
- To evaluate the Competitive Grant Programme as a whole in order to determine whether the programme design, implementation and evaluation respond to priority interests of the EMS mission and coincide with its strategic initiatives.
- e) *To visit a sample of 7 (seven) completed Competitive Grant Programme projects in Latin America and the Caribbean: Salto (Uruguay), San Fernando (Buenos Aires, Argentina), La Paz (Bolivia), San Salvador (El Salvador), Villa El Salvador and Villa María del Triunfo (Peru), Sao Bernardo (Sao Paulo, Brazil), Tomé (Chile).*
- f) To interview the beneficiary institutions of the Competitive Grant Programme and, in particular, the leaders of beneficiary groups.
- g) Advise on the improvements that could be made in terms of the design, implementation, control and dissemination of the results, of the Competitive Grant Programme.
- h) To present a final, detailed and satisfactory report on the activities conducted during this consultancy, in electronic format (via e-mail), including results of the evaluation. This report must be submitted by September 10, 2002, at the latest.

### **Work Plan**

This assignment requires the accomplishment of the following phases:

- Review of background material (please refer to section 2 – SRG Program Procedures)
- Discussions with EMS staff: interviews with involved team in LACRO office
- Interview of grant recipients (field visits for discussion with various actors engaged in the research and with those expected to be users of the research findings, please refer to Annex J)
- Submission of a technical report.

## ANNEX B - CHRONOGRAM OF STEPS IN GRANT PROCESSING

Steps in Grant Processing	Municipality (elapsed time in months)							
	La Paz	Salto	MSBC	MSF	MVMT	San Salvador	Tomé	Average
From bidding document (31/8/1998)								
to receipt of proposal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
to request for detailed proposal	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
to receipt of detailed proposal	1.3	1.2	1.4	1.7	1.5	1.2	1.2	1.4
to approval of proposal	1.5	1.5	1.3	1.0	1.4	1.5	1.6	1.4
to signed contract	3.2	0.8	3.2	2.0	0.7	2.1	1.8	2.0
to first disbursement	4.0	4.0	3.0	2.8	2.8	1.1	0.5	2.6
to receipt of draft report	13.0	11.0	(16.5)*	7.8	13.5	5.0	12.0	11.3
to dispatch of comments	-	0.5	-	0.5	0.5	4.2	0.1	0.8
to receipt of final report	3.0	1.0	- *	0.8	4.0	1.0	1.5	1.6
to approval of final report	-	-	1.0	1.0	-	1.3	0.2	1.2
to final disbursement	2.0	2.0	0.2	-**	-**	0.3		0.9
Study time : to draft report	13.0	11.0	16.5	7.8	13.5	5.0	12.0	11.3
: to final report	16.0	12.5	16.5	9.1	17.5	10.2	13.1	13.6
Overall grant processing	31.5	14.0	30.0	22.0	26.2	20.5	23.5	24.0

\* No draft report submitted

\*\* Final disbursement made prior to receipt of final technical report

## **ANNEX C - MANAGEMENT OF SOLID WASTE IN THE COTAHUMA DISTRICT : LA PAZ MUNICIPALITY, BOLIVIA**

### **Contract Procedures and Compliance**

The detailed proposal for this study was submitted by Prohabitat, under the auspices of the Institute for Planning and Research (IPR), a semi-autonomous unit in the La Paz Municipality, on 22/1/2000. It was approved by on 9/3/2000. Due to bureaucratic constraints within the municipality which could have delayed implementation of the grant for years, it was decided that EMS would contract directly with Prohabitat. Provision was made for participation of the municipality under a side agreement with the prime contractor.

The study became operational on October 11, 2000, with EMS's first disbursement. During the eight-month period of negotiation of the contract, the mayor of La Paz was replaced. The new mayor disbanded the IPR. The project director made a presentation of the proposal to this new mayor who subsequently appointed her as director of the Environment Department, a post she resigned (because of coalition politics) about the time the study became operational. She approached the new director of the Environment Department, as the logical counterpart for the study, but cooperation was refused. Later she established a counterpart arrangement with a new office charged with setting up a semi-autonomous entity within the municipal structure to regulate contracts with private or public enterprises – Sistema de Regulación Municipal (SEREMU). This director was subsequently discharged, but was able to sign the letter approving the study on behalf of the municipality three days prior to his departure.

The draft report was submitted to EMS on November 12, 2001 and the final report in February, 2002 i.e. an implementation period of 16 months. Final payment was made to Prohabitat on September 3, 2001. Prohabitat is still holding reserve funds for preparation, publication, presentation and distribution of a "glossy cover" summary report. It is hoped that action on this component of the contract can be taken by October 2002.

### **Institutional Context of the Project Cycle**

The instability of the municipal counterpart efforts is evident from the foregoing discussion of contract implementation. During much of the 1990s the turnover of mayors in La Paz was one every year or two. Each new mayor arrived with his own agenda, which, by definition, could inherit nothing from his predecessor. Contributing to the general state of uncertainty was the 1999 decree by the central government prohibiting municipalities to borrow, given the parlous state of their finances. This decree is expected to remain in effect until 2005. Under the circumstances, staff see themselves as "firemen" with little incentive to show tangible results, take a long-term view, or learn from past experience. There appears to be no institutional memory. One may conclude that the project was negotiated, carried out and the report submitted in an on-going environment of disarray within the Municipality.

### **The Report**

The first line of the document implies that the EMS-funded study is seen as a direct follow-up to the case study in the Cotahuma district funded by the Swiss government and carried out by



Prohabitat in 2000, with the final report published in April 2002.<sup>1</sup> Perhaps because of this follow-up approach a great deal is left unsaid in the document presented to EMS. The chapter on theoretical context is excellent. However, the discussion of methodology and hypotheses is confusing. In the EPFL document Prohabitat presents an excellent annex on methodology which is equally relevant to the second report. The case study chapter in the EMS-supported study presents data on the district which is largely irrelevant to solid waste management, as well as data which is relevant, but at the La Paz municipal level. The presentation appears to rest largely on interviews with 17 employees of micro-enterprises engaged in solid waste collection. The contradictory responses from such a limited sample preclude any conclusion except perhaps that there is need for training and environmental education – which probably could have been drawn a priori. As in the instance of methodology, Prohabitat presents an excellent assessment based on extensive surveys and interviews in the district in the EPFL document, which is relevant to the second report. The final chapter on policy which recommends three lines of strategy and 18 specific actions, appears to be disconnected from the rest of the document. Again, in the EPFL report the conclusions and recommendations flow from the diagnosis and analysis.

In fact, both reports focus on solid waste management in the La Paz Municipality, using the Cotahuma case to illustrate the issues in play. However, a notable difference between the two is on the treatment of institutional constraints. Since the second report carries the name “Municipality of La Paz” on the cover as co-author, it may not be politically expedient to be as transparent on unethical procedures and mismanagement as that presented in the first report. In the second report, one has to read between the lines to discern that the contract with CLIMA SKY, an Argentine company, to handle 70% of the municipality’s solid waste, has been grossly mismanaged. The municipality was simply incapable of formulating a viable contract and supervising its implementation. The corporate managers were more effective at the negotiating table. The contract to a private consulting firm to supervise the CLIMA contract went badly astray and was canceled when a new mayor took office. A municipal entity was then charged with supervision but was subsequently disbanded. In effect, CLIMA now has no supervision and is reporting significantly higher tonnages chargeable under its contract. It is buying garbage from micro-enterprises at \$22/ton (the municipal contract price with these enterprises) and “selling” it at the price it has negotiated - \$48/ton. The company has also invaded some of the territory handled by the micro-enterprises. Since so much of the solid waste is handled by CLIMA, in the absence of any effective management by the municipality, the latter is virtually hostage in any proposed contract re-negotiation. On the surface there would appear to be some key lessons to be learned on public-private partnerships from this experience.

The document prepared for EMS clearly goes further than the first report on policy and actions for management of solid waste. The recommendations are logical (even if they do not flow from the analysis) but there is no discussion of priorities, sequence of actions, opportunities and constraints in implementation and the financial implications for the municipality of taking action. Presentation of these operational aspects would clearly have benefited had it had been possible to have a workshop with relevant decision-makers in the municipality to review pages 37-45 of the draft report. It is to be hoped that in preparing the final publication the two reports can be fused and include discussions with SIREMU staff.

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<sup>1</sup> “Innovaciones Tecnológicas, Medio Urbano y Disparidades Sociales en América Latina”, Laboratorio de Sociología Urbana, Escuela Politécnica Federal de Lausanne (EPFL), Suiza, avril 2002.

## **Municipal Participation in the Project Cycle**

The proposal was designed by Prohabitat and discussed with IPR in the municipality. IPR made no substantive input before it was disbanded by the in-coming mayor (see Section 1). Strong support for the study was provided by the director of the office to establish SIREMU, and he agreed to having two of his consultants work half-time for that office and half-time under contract to Prohabitat. In absence of any strong commitment to the study from the upper echelons of the municipal administration (c.f. San Salvador and MVMT) and a legal constraint on contracting staff on a part-time basis, this arrangement provided Prohabitat with an invaluable physical presence in, and good access to, the municipal system. However, aside from the director of the office to set up SIREMU, no regular municipality staff was involved. The study was seen as a "project" of that director. So, with his departure, and the simultaneous departure of his two consultants, the report became an "orphan" within the system. As a result Prohabitat did not see an opportunity to discuss the study findings in an inter-departmental internal workshop or make a formal presentation to the mayor. During and after the study all contact with municipal staff was restricted to individual interviews, although staff did participate in some of the workshops held with the micro-enterprises. Apart from the three people involved the possibility is slim that any staff member seriously read the report until August 2002 – nine months after its submission.

The study director circulated a copy of the report to the interim office of SIREMU (created in February 2002, but still awaiting passage of the regulation which formally establishes it as an operating entity) preparatory to asking for an interview to discuss the EMS evaluation. In spite of the relevance of the report no-one in the municipality had seen fit to give a copy to the new SIREMU director. He has recognized its relevance to future regulatory operations with which his office will be charged. Thus, although one may conclude that there has been virtually no participation (sustainable or otherwise) by the municipality in the project cycle to date, there are encouraging signs of participation in the unfinished phase of the cycle – presentation of the summary report to the mayor and/or the municipal council.

## **Impact**

***Capacity building in the Municipality:*** Over the past 10-15 years major efforts have been made to strengthen Bolivian municipalities without significant results. Consistent with this history, it is evident from the foregoing that the institutional context has not been conducive to impact by the report itself or the study process on the analytical or managerial capability of municipal staff. As stated in Section 4, the hope now is that in the completion of the final step of the project there will be impact in SIREMU.

***Capacity building in the research center:*** In 2001 Prohabitat moved its Bolivian headquarters from La Paz to Cochabamba, with a view to concentrating on its vinchuca control and housing program. It appears to be down-playing its earlier action-research activities. Under these circumstances it is likely that the impact on the research capacity of Prohabitat will be minimal, i.e. there are benefits to individuals involved, but not to the institution.

***Municipal policy formulation and implementation:*** Given the history discussed above, the prospects for the study to have much impact on policy are not encouraging. It would appear that for some decades Bolivia has always been seen by politicians and technocrats alike to be on the verge of a breakthrough. The situation is no different now – a new progressive government was installed on August 7, 2002 – a new Ministry of Municipal Development will be part of the incoming government structure – the UNDP is considering funding to create a quasi-public entity which will in effect be a "memory" for experience, reports, studies, etc., for all municipalities,

and which will transfer this memory among municipalities through training and information systems – SIREMU will be created as a strictly technical (non-political) autonomous regulatory body within the La Paz Municipality. All of these changes may be seen as adding up to an opportunity for the EMS grant to have an impact. Speculation on this potential impact hinges on the options for follow-up discussed in Section 6.

#### **Unfinished Business (Follow-up) to Improve Probability of Impact**

The La Paz case poses a major challenge to EMS with respect to whether to consider follow-up and if so, at what level. Prohabitat intends to publish the summary report and present it to the La Paz Municipal council. As a minimum, EMS should press for this as a final step in the project cycle. Beyond that, the study director, not Prohabitat, expects to develop a proposal (hopefully with SIREMU) to fund follow-up for implementation of a limited number of the tactical avenues proposed in the report. The basic premise is that the municipality is unlikely to take any steps towards change unless the mayor sees significant financial resources mobilized e.g. \$50-100,000. The EMS approach is software-oriented, low visibility and long-term – characteristics which are the antithesis of what interests politicians. The words used in the report – cooperation, coordination, integration, participation, social capital – are part of the accepted rhetoric but are probably not going to cut much ice with the politicians unless they see association with a visible (financial) project. Having highlighted the political constraints, there can be no doubt that the authorities see real value in being associated with Canada's technical support and a-political stance. This raises a question of the costs and benefits of EMS playing a more pro-active role in the small-grant process (see Section 7).

The above approach rests on the entrepreneurial initiative of the study director. No initiative can be expected from the municipality. But there is definite support in SIREMU to the idea. The question is – should EMS have any interest in taking a pro-active role?

The first step in such a role would be to press for a high quality summary report which could be expected to have credibility with the municipal council. A second step would be to contact SIREMU on its interest in follow-up. At present SIREMU sees association with a Canadian agency such as IDRC as being highly advantageous in lobbying for approval of the regulation which would enable it to become operational. Depending on the reaction of SIREMU, a third step would be to have a representative of EMS attend a Prohabitat/SIREMU presentation of the final report to the municipal council (preferably before the end of October 2002). The representative would give an over-view of EMS's regional experience and an evaluation of the La Paz study. A fourth step would be to press for, and possibly provide funds for, a broader meeting of actors to discuss the report's recommendations and follow-up. EMS's association with such a meeting, as a disinterested but prestigious party, would be seen as critical in bringing together a number of interest groups who are in sharp conflict over solid waste management – CLIMA SKY, the municipality, micro-enterprises, community organizations and private entities generating large volumes of solid waste. A fifth step would be EMS's lending its name to a proposal to generate funds for a project which may go beyond La Paz to address questions of public-private partnerships for solid waste, water supply or sewerage in other municipalities. A Canadian group, operating through the embassy in La Paz which has been dealing with conflict resolution in municipal operations, may be a potential partner for such an exercise. One may even consider an association with the newly created Ministry of Municipal Development.

## Issues Arising from the Case

(i) **Project selection:** This issue is discussed in the San Salvador evaluation (Annex H). The La Paz case is reality – a messy reality. Should EMS avoid such situations? If so, how? If not, is there anything unique which should be built into grant proposals where institutional constraints can be foreseen? Having got into such situations, should EMS see it as an **opportunity** to examine and document seemingly intractable problems in environmental management at the municipal level?

(ii) **Quality control of the publications:** EMS clearly needs good quality reports which respond to operational concerns of managers in municipalities in order to establish credibility. The issue is how pro-active can EMS be with respect to content and analysis in reports, especially where there are politically sensitive issues in current municipal management?

(iii) **Terms of reference:** EMS's background documents put considerable emphasis on aspects such as financial and institutional constraints, the need for workshops and public meetings and publications. Should the TORs be more explicit on these aspects?

(iv) **Municipal involvement:** Under Bolivian law it is illegal for a civil servant to take payment for outside work. Thus, the option of sub-contracting municipal staff out of grant funds (e.g. as in Argentina, Annex F) does not exist. Are innovative funding arrangements available? In addition, if a municipality a priori is determined to be administratively incapable of handling a grant (c.f. Annex D), should this be addressed in project design?

(v) **EMS's concern with evolving a market for research:** This case suggests there is a long way to go before this becomes a reality in Bolivia. Are complementary activities required?

(vi) **EMS's pro-active role?** An unanswered question in this evaluation is whether greater EMS involvement could have changed the course of events. The financial costs to EMS are painfully evident; the unknown is the potential benefit.

## **ANNEX D - AGREEMENTS AMONG COMMUNITY COMMITTEES, THE MUNICIPALITY AND PRIVATE ENTERPRISE IN ENVIRONMENTAL MANAGEMENT FOR LOW INCOME URBAN AREAS MUNICIPALITY OF SALTO, URUGUAY.**

### **Contractual Procedures and Compliance**

The proposal was prepared by the Institute for Social Development (IDES) and the Department of Economics of the University of the Republic on the basis of discussions with the Municipality on where it saw research could be useful to its policies and programs in environment applicable to poor communities. The proposal submitted by the Municipality was approved by EMS on 9/3/2000. The study became operational on 18/8/2000 with the first disbursement under the grant. The final report was submitted by the Municipality on 27/8/2000 and was approved by EMS with disbursement of the 25% balance owed on the grant on 9/3/2000. Thus, from EMS's viewpoint there was compliance with the contract, with a six-month delay. However, a question arises in this case as to whether EMS could or should play a role with respect to procedures in implementing the sub-contract (annexed to the EMS/Municipality contract) between the Municipality and IDES. The Municipality made no payment to IDES until several months after the study had been initiated and, as of August 2002 (ten months after final disbursement by EMS), the final 10% owing on the contract had still not been paid.

### **The Institutional Context of the Project Cycle**

At the outset (design and initiation of the study) there was considerable interest in the Municipality at the level of the mayor and three department directors (social services, environment and public works). The Municipality had made a significant investment in 1987 in channeling, drainage and flood control of the Sauzal ravine. The four low-income communities adjacent to the ravine were selected as the focus of the study. It was seen as a useful mechanism for engaging the community committees in a participatory evaluation of the investment and in identifying opportunities for joint action with these committees and the private sector to address environmental problems – water quality, flooding, solid waste and related health issues.

A manifestation of this interest was the role that the Municipality chose to play in the first meeting of the communities convened to explain the objectives, methodology and scope of the study. Seeing an opportunity to make a positive political impact, the authorities transmitted the message that the study was to be carried out by the Municipality. Because of long-standing antagonism by the communities towards the local government, this approach proved counter-productive. IDES had to re-start the process of getting local participation in the study through meetings not attended by municipal officials.

Another aspect of the institutional context was the conflict between the Municipality and the state water and sewage company (OSE) whose mandate included the Sauzal ravine. On occasion the communities would by-pass the Municipality, and take their problems with water quality and flooding directly to OSE in Montevideo. At the same time OSE was seen by the municipal authority to be ineffectual in supplying and maintaining water and sewage to the city. For these reasons OSE was not incorporated in the study. In addition, the Municipality was not anxious to confront the industries which were contaminating the Sauzal ravine and as a result there was little meaningful private sector involvement in the study. In spite of the use of "private enterprise" in

the title of the study, one hardly needs to read between the lines to discern that association at the corporate level was essentially an intractable issue.

As the study progressed there appeared to be little interest in using it as a vehicle to help resolve these conflicts. Consequently, the content of the report (see Section 3) and the opportunity to generate constructive participation and dialogue among the key actors on environmental management mentioned above, were seriously constrained by the institutional context. Even with a "sanitized" report, the view of IDES is that the Municipality would be against any public meeting or multi-sector seminar to discuss the study unless it was completed "controlled".

Aside from external discussion of the study, the internal institutional arrangements of the Municipality precluded any interaction on the issues among staff. The report was discussed separately with the directors of the three departments directly involved in the Sauzal ravine case. It was never discussed jointly among them or in any internal seminar.

### **The Report**

The bulk of the report (80%) deals with the methodology on consultation, mainly with the four communities, and presentation of findings and results of questionnaire surveys - both of which appear particularly inconclusive with respect to the stated objectives of the study.<sup>2</sup> As a result, the recommendations on "institutional space" for environmental management, environmental education, mass diffusion of information via the media, coordination, etc., seem to bear little relationship to the data presented. Since there are no clear hypotheses specified for the study as a basis for the collection of the descriptive material presented there is essentially no framework for analysis on which to base conclusions and recommendations.

IDES had considerable information on the results of past agreements between the community committees and the Municipality, and on the opportunities and constraints to participation by other actors in the public and private sectors. However, since the report would go out under the name of the Municipality, any formal presentation of such information was seen as being counterproductive. It would merely have created conflict in the conduct of the study and prejudiced acceptance of recommendations.

### **Municipal Participation in the Project Cycle**

As indicated in Section 2, there was participation by the mayor and staff in the initial stages of the study. The three department directors provided ideas throughout and reviewed the final draft of the report. The mayor participated in the formal ceremony for presentation of the report. It may be concluded from the assessment in Section 3 that there was minimal staff exposure to the study process, apart from the four mentioned above.

### **Impact**

(i) *Capacity building in the Municipality:* If the evaluation of the institutional context (Section 2) and the Municipal participation (Section 4) are accepted, the conclusion must be that capacity building attributable to the study was negligible.

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<sup>2</sup> Objective: identification of activities designed to optimize implementation of public-private mechanisms for management of new projects to improve environmental quality.

(ii) **Capacity building in the research center:** The experience of working within the political realities of municipal decision-making and dealing with insecure bureaucrats will undoubtedly improve the analytical capacity of those in the two research centers associated with the study.

(iii) **Municipal policy:** In the 12 months which have elapsed since presentation of the report there has been no sign of interest in, or questioning of, the findings. Assuming no further contact with the Municipality on the topic of the research, the probability that the study process and report will lead to change of policy in public-private partnership in environmental management looks extremely low.

### **Unfinished Business – Follow-up to Improve Probability of Impact**

Although the prospects of potential impact from this grant appear dismal as things stand now, it is by no means clear that further effort by EMS will either help remove the institutional constraints or improve the quality of the report. EMS could propose funding a seminar with the key interest groups based on an agenda derived from what IDES **knows** about the issues rather than its written report. From the discussion in Section 2 it would appear unlikely that the Municipality would approve such a proposal. If it did, it is to be expected that any options for follow-up would be derived from the seminar discussion.

### **Issues Arising from the Case**

(i) **Transparency:** A key question which would seem highly relevant to EMS policy is how to proceed once a research center has discerned that a municipality, as “owner” of the study, is implicitly unwilling to be transparent on basic questions which underlie the design and conduct of the research/action-research/facilitation process addressing the topic specified in the contract? If there were a method of identifying this potential risk at the stage of project selection one could propose that it be a criterion for disqualification. However, in practice there is absolutely no way one could foresee such a risk in a proposal which comes with the full endorsement of the municipality. Accordingly, with the benefit of hindsight, what options could have been available to EMS, in the Salto Municipality case, to avert or reduce the extent of a negative outcome?

Could a contingency clause be built into the contract requiring the sub-contractor to advise the Municipality, with copy to EMS, where it considered that lack of transparency, withholding of data or unwillingness to allow internal workshops or external inter-actor meetings, were likely to compromise the **usefulness** of the study? Such a clause would have been acceptable to most, if not all, of the seven municipalities covered by this evaluation. If acted upon by a research center it would allow EMS to call a mid-course meeting to review the situation. The corollary is that EMS may well be faced with the prospect of mid-course cancellation of a contract. A less abrasive procedure would be routine discussion of this potential issue with the research center prior to study initiation and two months after implementation with a view to EMS’s making an informal approach to the municipality if necessary. An even less abrasive procedure would be that EMS accept that a percentage of grants will run into this problem. In these cases they would be classified as “inconclusive” and no follow-up would be contemplated.

(ii) **Follow-up:** In contrast to the foregoing premise that in this case the institutional context constitutes a “problem”, EMS could take the position that exposure to this reality poses a challenge and offers an opportunity to play a pro-active role. IDRC could use its international prestige to open doors to key decision-makers and present ideas – an option frequently not available to the research center. The agenda in this case would be to define a follow-up program with IDES or other entities aimed at reaching operational proposals likely to be acceptable to the

municipal authorities; the expectation being that such a program would be funded through sources other than EMS.

*(iii) Quality control on the final report:* Section 5 may be unduly hard on the document, particularly in view of what material and analysis IDES saw it could **not** present for political reasons. However, again with the benefit of hindsight, the report should not have been put on the web. Unless there is a seminar along the lines suggested in Section 6, there would appear to be no way the report could be salvaged. Publication as it stands, with EMS's implicit or explicit approval, would detract from EMS's credibility with its municipal and research center associates. The general question is whether EMS has the resources, or should have the resources, to monitor study progress, review draft reports or contract reviewers and editors?

A procedural question arising is whether EMS should include a clause in the contract requiring the municipality to submit a draft for comment by EMS prior to presentation of the final report. The commenting "process" would provide the Secretariat a point of entry for dialogue with both the Municipality and research center along the lines suggested in (i) and (ii) above.



## **ANNEX E - OPPORTUNITIES AND IMPACTS OF PUBLIC-PRIVATE PARTNERSHIPS IN THE "RESIDUAL SOLIDS AND CITIZEN PARTICIPATION PROJECT": MUNICIPALITY OF SÃO BERNARDO DO CAMPO SÃO PAULO, BRAZIL**

### **Contract Procedures and Compliance**

The detailed study proposal was submitted by the Municipality of São Bernardo do Campo (MSBC) on 27/1/ 2000 and approved by EMS on 9/3/2000. The study was to be implemented under an agreement between the POLIS Institute and MSBC as a follow-up to the POLIS/UNICEF project (December 1998 to June 2000) in support of the municipality's "Residual Solids and Citizen Participation (RSCP) Project". The study became operational in July 2000, two months prior to EMS's first disbursement to MSBC under the grant.

The report was largely drafted by POLIS in consultation with the Secretariat of Environment in MSBC. It was subsequently reviewed internally by the Executive Working Group (EWG), created by the mayor in 1997 to coordinate the RSCP project, and officially submitted to EMS on 27/1/ 2002 i.e. an implementation period of 17 months. The report was approved by EMS and final disbursement to MSBC was made on 4/3/2002.

### **Institutional Context of the Project Cycle**

The municipal government context exhibits a high degree of stability. The mayor is in his third term, 10 years plus, and is strongly committed to the RSCP project. The EWG comprises representatives from the 12 secretariats in the municipality at the level of director or senior professional i.e. the first or second tier below the Secretary. This group met regularly throughout the study and continues to meet monthly or semi-monthly. The size of the municipality (700,000 population) and its tax base (e.g. a significant fraction of Brazil's automobile industry is located within its boundaries) provide the basis for high quality professionalism and continuity among staff. In addition, there was strong commitment from the Secretariat for Environment – the counterpart – to the study.

Aside from the Municipality, an array of unusually strong NGO and private sector associations was mobilized by the study. The POLIS Institute itself is widely recognized for its capacity in research, action-research, training, etc. and the fact that it is backed by 80 important organizations gives it strong leverage in convening meetings and securing participation of relevant actors. Among the more important of these actors were: the association of Brazilian NGOs - the ABRINQ Foundation - with comprehensive capability in research and policy analysis, as well as lobbying for the interests of a very large number of NGOs throughout the country; the Ethos Institute, an autonomous organization (funded by 600 commercial and industrial entities) charged with research, dialogue and dissemination of ideas on "social responsibility of private enterprise"; and the Industry Association for the State of São Paulo (CIESP) which is one of the most powerful private sector groups in the country.

In spite of this favorable context, some aspects of the internal institutional arrangements governing MSBC operations appear with the benefit of hindsight to have constrained performance. On the surface the EWG looks like the optimum vehicle for focusing, coordinating and adapting municipal policy on technical, social and financial dimensions of residual solids management. However, as the Secretaries themselves were not actively involved there was a problem of coordination due to hierarchy – the coordinator of the study was at the director level

and was unable to mobilize adequate commitment from the **key** Secretariat in an exercise specifically aimed at bringing private enterprise into partnership with the municipal government – notably the Secretariat for Development. Because of this, an important opportunity was lost to involve the CIESP at a level where it would be expected to bring to the negotiating table a policy position on the private sector's role in various dimensions of the RSCP project and place the MSBC in a position where it had to make proposals for partnership taking this policy into account. In consequence, the private sector tended to be seen as a passive partner expected to provide logistical and financial support, rather than as an active associate capable of contributing ideas, management expertise, etc. to the program. One might conclude that the hierarchical institutional "rules" precluded either POLIS or the MSBC counterpart from getting a more operational public-private sector dialogue, with active NGO participation, on policy and policy implementation in the area covered by the RSCP project. This might have been regarded as a true "partnership" approach.

### **The Report**

The text provides an extensive discussion of the MSBC's RSCP project, with particular emphasis on the program supported by UNICEF and POLIS over the 18-month period December 1998 to June 2000 which provided the basis for the EMS-supported study. It documents an extensive process of collaboration between several MSBC Secretariats and a wide range of state agencies, private corporate entities, national and international NGOs, labor unions and universities, in strategic planning for an action program covering 18 sub-programs in various aspects of management of solid waste as well as adult education, schooling at all levels, public health, housing and retraining.

The balance of the report provides a detailed assessment of the process of agenda-setting, dialogue, meetings, etc. aimed at agreements for private sector participation in MSBC's RSCP project with NGO support. What does not come through clearly is the enormous effort that was put into this exercise by all the actors, particularly POLIS and MSBC. Both the level of effort and the intellectual input required, in what must be regarded as a favorable institutional context (see Section 2), appear highly relevant to the question of promoting public-private partnerships for environmental management at the municipal level. Also, to a reader unfamiliar with the State of São Paulo and MSBC, the importance of the negotiation process described is largely lost because of the extensive use of acronyms without description. A footnote describing the size, aims and capabilities of these institutions would rectify this situation.

### **Municipal Participation in the Project Cycle**

As indicated in Sections 1 and 2, POLIS visualized the EMS 1990 small grant program as an opportunity to follow up on the UNICEF/POLIS exercise in support of the MSBC's RSCP project. Thus, solid backing from the municipality was already in place in the form of the EWG. The group was convened five times in the course of the study with participation of around 20 senior staff members in each meeting and is continuing to meet on a regular basis. This, combined with the active role of the Secretariat for Environment (as POLIS counterpart) ongoing interest by the mayor and the intent of MSBC to publish a book with POLIS on the overall RSCP project before the end of 2002, is judged as a significant level of participation.

## **Impact**

***Capacity building in the Municipality:*** The level of participation by senior staff, discussed in Section 4, clearly has increased capacity to address innovative aspects of involving the private and NGO sectors in municipal programs and policies

***Capacity building in the Research Center:*** The study provided the research center with an opportunity to review the literature and apply methodology specifically to promote private sector engagement in an NGO-public sector program in which it had already been involved for two years. In the process the center was actively associated with other research centers, such as Ethos and the ABRINQ Foundation, on the conceptual issues in the private sector's social responsibilities, as well as opportunities and constraints in public policy for environmental management. The experience has clearly enriched the center's capability and has led to several publications as well as papers presented to professional meetings.

***Municipal policy formulation and implementation:*** In contrast with the other six cases covered by this evaluation, the MSBC/POLIS study is more ambitious in that it attempts to promote and assess private partnership in municipal policy or programs at the sector level rather than via the vehicle of micro-enterprises or the contracting of public services to private corporations. A concrete impact mentioned in the report's conclusions is agreement by 13 small and medium enterprises to deliver their solid waste to the municipality's two recycling centers. This has led to a 20% increase in incomes of those in the micro-enterprises associated with these centers. However, the main impact should derive from the seminar held in October 2001 attended by representatives from 15 enterprises, MSBC (including the mayor), key research centers and NGOs and IDRC. The expectation is that the seminar and other "outputs" of the study process will alter the perceptions of decision-makers in public and private sectors alike. The move would be away from the traditional view that the former should expect assistance (primarily financial) from the latter to carry out its predetermined agenda, towards a recognition by the private sector of its social responsibilities and creation of a solid basis for a constructive public-private partnership in the provision of social services. A further impact which may be attributed to the study is that a research center can establish itself as a "legitimate" intermediary, characterized by objectivity and innovative ideas, in facilitating dialogue on policy and operational issues between two sectors which are frequently seen to be in conflict. It is to be expected that both the above impacts will be improved if the municipality itself can come to grips with the institutional constraints to coordination and adoption of a more entrepreneurial approach discussed in Section 2.

## **Unfinished Business – Follow-up to Improve Probability of Impact**

For reasons of everyday pressure of work and the institutional constraints discussed in Sections 2 and 5, the municipality has not demonstrated dynamic follow-up over the six months since the study was completed. Some private enterprises are delivering solid waste to recycling centers. But this was not the main thrust of the exercise. No serious action has been taken to get meaningful involvement of CIESP in the environmental and social policy of MSBC. No need has been seen to involve POLIS or other research and NGO entities associated with the study in this process either through contractual arrangements or additional workshops. Also initiative for publication of a report (or book) on the RSCP project experience rests with the municipality. Lack of funds is cited as a reason for inaction; in an organization with the resources of MSBC, this situation might be better explained in terms of priorities.

Thus, as in the case of most of the studies, EMS is faced with the question of whether to invest additional time and money in order to move the outcome to a more tangible operational level. A strong reason for considering such a move is to capitalize on a highly innovative approach to getting private financial, intellectual and entrepreneurial involvement at the sector level. In addition, this approach has been tested in a context characterized by what must be one of the most dynamic and capable set of actors (public, private, NGOs, research centers) in Latin America. As an approach, EMS could take the initiative with the mayor of MSBC to hold a workshop with a limited number of selected representatives from the municipality, POLIS, CIESP, Ethos and ABRINQ. This would probably require presentation of EMS's views and participation in meetings with the mayor and in the follow-up workshop. The purpose would be to remedy the shortfall in the process discussed in Section 2, and move towards a more systematic process whereby the private sector would participate in setting the RSCP agenda and not merely be seen as a contributor to a personal project of the mayor.

Since publication of a report from the study was not part of the contract with MSBC, EMS has no leverage on this product. Leverage could be obtained by providing funds, perhaps with the condition that POLIS and Ethos participate to ensure full presentation of the lessons learned.

#### **Issues Arising from the Case**

(i) **Project selection:** The most striking aspect of this case is the enormity of the system in which EMS has become involved. In spite of the joke (by non-Brazilians) that everything associated with the country is "el mais grande do mundo", it contains more than a wisp of truth. One cannot fail to be impressed by the depth of intellectual capacity, the degree of organization at all levels (unions, industry, commerce, municipalities, NGOs, etc.) and, despite extensive poverty, the resources available for action on the sort of things EMS would like to see promoted through the small grants program. Aside from the above overall concept of the potential and actual capacity at the country level, São Paulo (state, metropolitan area and municipality) is seen as the leading edge of dynamism and, within São Paulo, the Municipality of São Bernardo del Campo is regarded as one of the **best** models in management to address the interface between environmental quality and urban poverty.

In this context, the question is – has EMS got "a tiger by the tail", which carries the implication that, in this whirlwind of national, international and NGO financial and technical assistance activities that have been underway for two or three decades, measurable and attributable impact may not be possible to detect? If true, should EMS get involved with studies whose perceived impact will come largely from documentation and dissemination of an experience believed to be highly relevant in other countries?

Inertia in both the political and operating levels of the municipality - the entity which ultimately must implement study findings: Clearly, this applies to all the municipalities which were recipients of small grants. But it is more evident in this case because of the high expectations (see Section 2). The issue is whether EMS should, a priori, expect a degree of inertia by the prime clients of the small grant program and build contingencies into the contact e.g. internal and multi-actor workshops, publication of reports (subject to a degree of quality control), workshops or targeted meetings with high-level municipal decision-makers to discuss report findings or formal presentation of reports.

(ii) **Realistic expectations from implementation of a \$14,000 grant over a 6-12 month period:** This issue stems directly from the above two. Even in relatively small municipalities such as Tomé (Annex I), the dollar amount is not seen to be of major significance. EMS's contribution is

the intellectual input on methodology and operational innovations through a reputable research center, backed by IDRC's own expertise, plus wide dissemination of experience through the web, high quality publications, meetings, etc. This goes back to the recurring theme of follow-up targeted at a specific impact or removal of a constraint not foreseen at the outset e.g. the inability of the municipality to involve CIESP more effectively. Further, there is a question of the relative emphasis in the small grant program to be placed on "process" and probabilities of impact in the particular municipal context, vis a vis the "product" – publications.

(iii) *Quality and timing of publications:* EMS contracts call for final reports which, once approved, are put on the web. First, what quality control might be imposed prior to placing a report on the web? In the MSBC case, POLIS has introduced modifications to the report submitted by the municipality, and would have preferred to delay distribution on the web until these were incorporated. POLIS should have maintained better communications with EMS on this matter. Second, should EMS contracts call for publication of executive summary-type reports which would provide the Secretariat with a point of entry for discussions with municipal executives on implementation and/or follow-up? In this case, the question of quality control is even more important. Third, if there is to be a publication, should EMS be concerned about delays of a year or so in its preparation and release? The loss of momentum in the MSBC case suggested that early publication may provide a useful platform to reinitiate the public-private partnership process set in motion by the project.

## **ANNEX F - IMPACT OF PUBLIC – PRIVATE ASSOCIATION ON SUSTAINABILITY OF WATER SUPPLY SYSTEMS : SAN FERNANDO MUNICIPALITY, BUENOS AIRES, ARGENTINA**

### **Contract Procedures and Compliance**

The proposal was prepared by the International Institute for Environment and Development - América Latina (IIED-AL) in collaboration with the Municipality of San Fernando (MSF) and submitted to EMS on 29/10/1999. Because of the internal regulations of the municipality, under which any study contract (regardless of source of funds) has to be put out for competitive bids, it was decided that IIED-AL should be the prime contractor. The contract was signed on 12/5/2000 and the first disbursement was made on 8/9/2000. The proposal specified a total budget of \$26,000 - \$14,000 from EMS; \$7,000 from Aguas Argentinas S.A. - AASA - (the French company which took over water supply and sewerage services to the Buenos Aires Metropolitan Area in 1992); and \$5,000 from MSF. The project was to be completed within six months. The draft report was submitted in April and the final version in June 2001 i.e. an implementation period of nine months. As a result of disagreement between IIED-AL and AASA over access to information, the latter reduced its participation in the study.

### **The Institutional Context of the Project Cycle**

MSF has a long history of association with consultants, NGOs and research centers. The first major study was made by FLACSO in 1987. This has been followed by a series of planning and infrastructure exercises related to environmental management -e.g. University of Buenos Aires 1987/89, CFI/FLACSO/World Bank 1991/93 and IIED-AL/UNDP 1993. It currently has projects with UNESCO, World Bank and GEF.

Major changes were introduced by the current mayor in 1998/99 to take advantage of the evolving decentralization process in Argentina. It has become an active player in the association of four municipalities in the North Zone of the metropolitan area and the forum of 19 municipalities which deal directly with AASA on water supply issues. This has also been presented as a “best practice” case of municipal management in a regional meeting sponsored by IDB as part of its Latin American urban project. Given this history, plus active support by the mayor and the Secretariat for Environment in MSF and an extensive association among IIED-AL, AASA and MSF dating back eight years, there was a favorable institutional context for the study.

### **The Report**

The report is well documented as an evaluation of the extensive experience of IIED-AL in the four case study communities since the late 1980s. An interesting methodology is developed and applied in Chapter 3, where a double-entry matrix is used to plot a measurement of critical requirements of the 26 low-income communities in MSF against a measure of the feasibility of providing them with utility, social and financial services. From this an order of priorities for action is established in terms of the community and the type of intervention. Another useful contribution is the discussion of indicators of performance of the various actors in developing and maintaining water supply systems. The report is strong on methodology but lacks a clear analysis of options for interactions which might improve performance. In consequence the recommendations to implement seven actions (six to be undertaken by all four sets of actors and

one by NGOs) lack operational content. Table 7.1 suggests 25 actions by the various participants in a public-private partnership. Questions not addressed include : planning, priorities, sequencing, coordination, costs and sources of financing. It could be argued that MSF and IIED-AL cannot be expected to address such questions with a budget of US \$25,000 and a six-month time frame. This issue is taken up in Section 8.

### **Municipal Participation in the Project Cycle**

Of the seven cases evaluated, this is the only report which reflects major inputs from the municipality. The Secretary of the MSF Secretariat for Environment played an active role throughout and drafted one chapter of the report. Aside from this, there was limited staff participation. There were no internal seminars to discuss the relevance of the study in spite of regular round table meetings convened by the mayor to arrive at collective decisions. One problem is the diversity of consulting, NGO, technical assistance, loan and inter-municipal initiatives under way at any one time in MSF. The fact that MSF is seen as a model and a laboratory in municipal management means that it attracts far more than average interest from external groups. In addition, during the period of study implementation and after, the municipality was under severe financial pressure. These circumstances made it difficult to effectively internalize the study as an input in decision-making on policy and policy implementation.

One option for improving involvement of the municipality would have been provision in the IIED-AL contract for sub-contracting senior technical staff members on a part-time basis. This is accepted practice in Argentina out of office hours.

### **Private Enterprise Participation in the Project Cycle**

This is the only case where there was explicit provision in the study contract for formal participation by a private corporation. The latter withdrew from the study for a number of reasons, among them confusion on interpretation of the role of IIED-AL as both a contractor and advisor to AASA and intermediary (and facilitator of community involvement) in relationships among MSF, the community committee and the water company.<sup>3</sup> Another contributing factor was a difference of opinion related to the approach to be adopted, since AASA came late into the process of design.

### **Impact**

(i) ***Capacity building in the municipality:*** For reasons discussed in Section 4, capacity building in MSF was limited to two or three staff in the Secretariat for Environment. Even though limited in number, participation of staff in applying IIED-AL methodology (structured and unstructured interviews, focus groups, community meetings, workshops with all four sector groups involved) represents a "new departure". In spite of the favorable institutional context (Section 2) the other secretariats appear to have been disinterested either in participating or learning from the methodology being applied in the study.

(ii) ***Capacity building in the research center:*** The contract gave IIED-AL an opportunity to: (i) undertake a careful review of the literature. This revealed much material relevant to design of the Institute's programs; many of the reports reviewed applied to Argentina and particularly

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<sup>3</sup> Tamargo, María del Carmen, "El rol de las alianzas público-privadas en el contexto global-local", Medio Ambiente y Urbanización, No. 57, febrero 2002, pp 4-12.

to Buenos Aires; and (ii) undertake an in-depth evaluation of cases in which it had been involved for more than a decade. In fact it appears that this was a unique opportunity to update its thinking and classify the lessons from several years' working at the interface between MSF, AASA and four low-income community committees. It also provided the organization with higher visibility through presentation of journal articles and papers based on the study to both national and international meetings.

**(iii) *Municipal policy:*** The findings in Chapters 5 and 6 are highly relevant to MSF policy. These derive from intensive interaction among the four actor groups and are aimed at evaluation and validation of behavior, inputs and outcomes for water and sewage supply in the four case studies detailed in Chapters 1, 3 and 4 and Annex 2. The chapters relate to – estimation of performance indicators for technical, economic, institutional and environmental aspects of providing potable water and sewage services to low income communities; and – the technical, financial, legal and institutional aspects of negotiating a contract between the state and a private corporation such as AASA which would involve participation by a complex hierarchy of public agencies at the federal, state and municipal levels and local communities as the ultimate users (purchasers) of the service. Under the prevailing economic situation in Argentina, it appears unlikely that MSF, in the near future, will take action based on these findings. Nevertheless, their relevance is not restricted to the short- run, so one could expect an eventual impact on policy change.

As further discussed in Section 8, the five actions proposed to MSF in Chapter 7 (Table 7.1) are unlikely to change policy.

### **Unfinished Business – Follow-up to Improve Probability of Impact**

***Publication:*** The EMS study was undertaken in 2000. In 2001 IIED-AL undertook a study based on the same case studies (and it appears based on the same field work) for the UK Department for International Development (DFID).<sup>4</sup> It would seem logical that DFID and EMS should push for a joint publication.

### **Issues Arising from the Case**

**(i) *The operational relevance of study recommendations:*** This is an issue which applies to all seven cases evaluated. But it is thrown into particularly sharp relief in the MSF case because: first, the presentation and logic in the body of the report are excellent (reflecting an in-depth participatory exercise in evaluation of public-private partnership) with two chapters which are definitely policy relevant; and second, the Conclusions and Recommendations chapter has virtually **no** policy relevance. (Frequently, this is the **only** chapter likely to be read by a decision-maker in MSF, AASA or a community committee). It recommends five<sup>5</sup> actions, **each** of which is to be undertaken by the four actors (AASA, MSF, community committees and NGOs):

- training in use of the water system
- environmental education
- training in rational use of water
- continuous dialogue among the actors
- development of committees for maintenance of the water system.

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<sup>4</sup> IIED-AL "Providing water and sanitation through public-private community collaboration : the experience of four low-income communities in Buenos Aires". 1991 (mimeo).

<sup>5</sup> A sixth action is assigned only to NGOs - strengthening local community institutions.



Section 3 above raises a number of questions on operational aspects of this 5 x 4 “matrix” of actions. It is evident that with \$25,000 and a six-month study period one cannot expect answers to these questions. They are nonetheless relevant and deserve discussion if these actions are to be mentioned. The lists of recommendations look almost like an after-thought, requiring minimal effort. They give an appearance of being selected at random – what about:

- internal seminars in AASA, MSF and NGOs
- creation of new departments or hiring of particular specialists in AASA or MSF
- dissemination of information in the mass media
- special programs for women
- training of school teachers
- enforcement of water quality standards
- creation of special financing mechanisms
- etc.?

Anything in these endless lists of desirable things could be discussed in the text as “necessary” conditions for change. But they do not constitute meaningful recommendations as they stand. In the MSF case perhaps a recommendation could be to hold a workshop attended by the four actors to discuss if, and how, action could be taken on the four points, or others.

This raises a question of whether EMS should provide the research centers with advice on what sort of recommendations are likely to be convincing to decision-makers within the time and budget of the study.

## **ANNEX G - PUBLIC-PRIVATE PARTNERSHIP IN WATER SUPPLY TO COMMUNITIES CHARACTERIZED BY EXTREME POVERTY: VILLA MARÍA DEL TRIUNFO MUNICIPALITY LIMA, PERU**

### **Contract Procedures and Compliance**

The proposal for this study was approved on January 27, 2000; the contract with the Municipality of Villa María del Triunfo (MVMT) was signed on April 14, 2000 and became operational with the first EMS disbursement on August 9, 2000. Implementation of the study was sub-contracted to the NGO EcoCiudad. The mayor played an active role in the design and implementation of the study, hired a sociologist (with grant funds) to be assigned to the project and named the Director of the Office of Public Services in the municipality as co-director. Given the time required to evolve the participatory approach applied, the draft report was not submitted till September 2001. In fact, the project continued with activities for consolidation of the newly-formed association of the water supply micro-enterprises until October, 2001 and the final report was presented 13/2/2002. All financial transactions between EMS and the municipality, and between EcoCiudad and the municipality, were effectively executed.

### **The Institutional Context of the Project Cycle**

This project was undertaken in a particularly propitious context stemming from the situation before, during and after its implementation. Between 1992 and 2002 the European Union (EU) invested \$18 million in a program which helped establish 250 new micro-enterprises (Comite de Vigilancia del Agua Potable – COVAAP). These supply potable water to about 54,000 households in the poorest communities of Lima. MVMT was a major beneficiary of this program with the establishment of 27 micro-enterprises. In addition EcoCiudad was extensively contracted by the EU to promote community organizations to execute the infrastructure work and provide training for formation of the micro-enterprise which subsequently managed the water system. Thus, the mayor and EcoCiudad had a working relationship going back a number of years. Further, with the progressive move towards decentralization, the mayor recognized that prior to 2000 the municipality had essentially been disinterested in the COVAAPs, and that the project offered a useful point of entry to generate greater community participation. He endorsed the project enthusiastically and sustained interest throughout its implementation. Aside from this unusually solid and continued political support, new developments since completion of the project suggest a favorable context for further evolving and applying the methodology and recommendations. The World Bank has recently approved a loan to Peru to carry forward a modified version of the EU program which had terminated in February 2002.

### **The Report**

The report carefully documents an intensive exercise in participatory evaluation, facilitation and action-research. This is used to : promote the processes of creating and strengthening micro-enterprises to provide water supply and subsequently to consolidate themselves to provide other services demanded by the community; and generate mechanisms whereby rights and obligations are acquired by these enterprises through their new association with the municipality. The recommendations on measurement of performance criteria for the micro-enterprises and changes in policy and structure of the municipality to strengthen links to the private entities are, of necessity, general given the time available for the project and its complexity.

There appear to be two important conclusions. First, micro-enterprises need to associate to facilitate their relationship with the municipality and improve their negotiating position in on-going operations. Second, evaluation of the EU model applied for 10 years suggests that, in light of action-research with the three micro-enterprises, marginal investment in time, training, participatory evaluation and facilitation (beyond the EU model) would have high pay-off in terms of financial viability, quality of service and sustainability of the enterprises in improving social capital. The contrast between the EU model and the EcoCiudad/MVMT model deserves further analysis than that given on page 49 and should be highlighted in the executive summary as the key element in replication of the methodology.

### **Participation of MVMT in the Project Cycle**

The study proposal was drafted by EcoCiudad on the basis of its extensive experience as a contractor to the EU in implementation of its COVAAP program. It was discussed with the mayor and the Director of the Office of Public Services. The mayor saw the approach as relevant to promotion of a political agenda concerned with local participation in strategic planning, policy and programs in health and environment; with the expectation that the study could develop operational links with the micro-enterprises as tangible evidence of meeting the above agenda, he became a firm supporter. He followed the details of the study design, met regularly with the EcoCiudad project director and the Director of MVMT's Office of Public Services to approve operational plans and attended several meetings with COVAAPs, including two which resulted in formation of an association of micro-enterprises to deal directly with the municipal authorities. He personally approved the final report. The Director of the Office of Public Services was actively involved throughout and the promoters from the Office of Community Participation collaborated in field interviews and the convening of workshops with COVAAPS. However, there was little coordination among the municipal offices. There were no internal workshops to expose staff to the thinking behind the study. The research assistant contracted by the municipality in fact worked directly for EcoCiudad.

### **Impact**

***Capacity building in the municipality:*** The level of participation by MVMT staff in the study suggests little impact except at the level of the mayor and two directors. As a result of the study, social workers (promoters) from the Office of Community Participation have become directly involved with the COVAAPs as a routine part of their job. This should have a ripple effect on the way the municipal offices deal with micro-enterprises in providing public services and meeting community demands.

***Capacity building in the research center:*** EcoCiudad is basically a service-oriented NGO which facilitates organizational and operational aspects of community development, with particular emphasis on water supply, sewerage, solid waste management and health. The study provided the entity with an opportunity to : (i) review conceptual aspects in providing public services through community-based micro-enterprises and the types of support they might expect from the municipal government; (ii) evaluate the EU experience in creating COVAAPs; and (iii) experiment with activities complementary to the EU model (e.g. surveys, interviews, focus groups, intra-COVAAP workshops and training, and inter-actor meetings of COVAAPs with the municipality and central government agencies) designed : first, to improve the process of formation and sustainable operation of micro-enterprises and their capacity to provide quality service (water supply) and expand the coverage of services in response to community demands; and second, to formalize the rights and obligations of these enterprises in articulating demands for support from the municipality and complying with regulations. Successful completion of a study

encompassing the above characteristics must be judged to have significant potential impact on EcoCiudad's future operations.

***Municipal policy:*** The study has clearly changed the way the municipality views its role in dealing with micro-enterprises that provide public services at the community level e.g. in areas of regulating quality of water supplied to the enterprises, education, adult education, health and formal registration of COVAAPs which facilitate credit availability. The municipality also intends to create an Office of Environment as recommended by the study. These changes suggests positive impacts. However, there is little evidence that the study has induced a demand for policy-related research by the municipality. All municipalities have an Office of Technical Cooperation and International Relations. This office is charged with formulating projects of interest to the municipality for presentation to national and international agencies or NGOs which provide technical and financial assistance. In the case of a resource-poor entity such as MVMT these projects, of necessity, depend on grants. Grant projects could well cover facilitation services of the type covered by the study – thus the potential induced demand is for services, not research on policy.

To the extent that the experience receives wide dissemination within the metropolitan area (i.e. publication of an executive summary), the study could be expected to have a multiplier effect through influence on implementation of the \$20 million World Bank loan which will be managed by the state corporation for water supply and sewerage in Lima – SEDAPAL – and executed by a consortium of nine NGOs. It will use the micro-enterprise model to extend water supply to marginal communities over the next two years in association with municipalities in the Lima metropolitan area.

#### **Unfinished Business – Follow-up to Improve Probability of Impact**

The municipality has requested additional funds from EMS to publish an executive summary report and assist in setting up the Office of Environment recommended by EcoCiudad. This request is still under consideration. Given the forthcoming World Bank/SEDAPAL project, discussed in Section 5, there may be justification (from EMS's viewpoint) for considering support for publication. In that event, EMS should probably take a pro-active stance on quality of the product. The request for support to set up the Office of Environment does not reflect favorably on the overall management of MVMT i.e. it is apparently seen as another "project" which can be passed to the Office of Technical Cooperation and International Relations for grant funding. Apart from the fact that the approach suggests a lack of priority, the proposal appears to be outside EMS's mandate.

The study has tested methodology for generating public-private partnership to provide potable water supply to poor urban communities through micro-enterprises. One question is the measurement of the performance indicators for COVAAPs and the municipality, listed on pages 57 and 58 of the report. It appears unlikely that any effort will be made to monitor these indicators unless specific grant funding is provided.

On the issue of monitoring and evaluation (M&E) it is worthy of note that, beyond an accounting of beneficiaries and investment, there was no in-depth evaluation of the EU-supported program which created 250 COVAAPs over a decade. Of the 27 COVAAPs formed in MVMT, 17 are still operational and are members of the association created during the study; two have been converted to service by SEDAPAL and the remaining eight have been disbanded. From this sample one might expect to derive lessons on the opportunities and constraints to improving micro-enterprise performance through stronger links to municipal authorities and more systematic

efforts at the outset to put in place a more capable management structure (as proposed in this study). As a minimum, there would appear to be good reason to consider ex post evaluation of the three cases addressed in this study within three or four years. In the meantime, publication and dissemination of a summary report should be of considerable interest to municipalities directly or indirectly associated with EMS.

### **Issues Arising from the Case**

**(i) *Terms of reference for a study where replicability is a major consideration:*** The MVMT case is clearly oriented to replication of a model(s) tested in the study. If this is established a priori as an objective, a number of aspects should be included which are either not dealt with or only lightly touched upon in the report:

- The type of expertise and time of each specialist required for the facilitation process
- The effort which should be made by the municipality – staff time, coordination, workshops, etc.
- The cost of the facilitation exercise – inputs by NGOs, municipality or others
- Evaluation of the NGOs' role as a necessary or sufficient condition for successful facilitation of viable efficient micro-enterprise operations
- Assessment of the operational aspects of monitoring and evaluation of performance of the public-private partnership – what will be measured, by whom and when?
- Evaluation of the critical mass of activities (sequence and relative weights) required to give “adequate” probability of success. The range of activities tested in the study provides the basis for reflection on this question.
- Publication of an externally reviewed summary report.

**(ii) *Implementation time of the EMS contract:*** By any measure this case was action-research and probably more action than research! The period called for in the contract was six months. In fact, the final report was submitted 17 months after initiation, but work with the association of COVAAPs on conformation of the directorate and plan of work continued for another five months. At that time work was turned over to another NGO – FOBIDA. The implication here is that where a “study” involves facilitation of a public-private partnership for environmental management extended time periods may be required to reach an operational threshold. Where poor urban communities are seen as the owners and clients of existing or potential micro-enterprises there must be a considerable degree of uncertainty on time and effort to be put in by the “research center” before any conclusion can be drawn on whether formation, consolidation or improvement in management has been achieved. EMS-supported studies may range from feasibility analysis, to ex post evaluation for deriving policy implications, and on to action-research intended to put in place new institutional arrangements. The level of uncertainty and requirement for continuity of effort increase as one moves across the spectrum.

## **ANNEX H - PUBLIC – PRIVATE PARTNERSHIPS IN MANAGEMENT OF SOLID WASTE IN THE SAN SALVADOR METROPOLITAN AREA, EL SALVADOR**

### **Contract Procedures and Compliances**

The contract between EMS and the Council of Mayors (14) for the San Salvador Metropolitan Area (COAMSS) was signed in May, 2000. Implementation of the contract was covered under an agreement between:

The Planning Office of COAMSS (OPAMSS) which provided : all logistical support; technical inputs; access to operating departments in the 14 municipalities which were required for technical support; access to the mayors as needed (separately and in regular meetings of the Council); and management and accounting of funds provided by EMS.

The Salvadoran Program for Research on Development and Environment (PRISMA) which provided the study director.

The System of Technical Assistance and Training for Development of Local Authorities (SACDEL) – a branch of the Latin American Urban Institute (IULA) – which provided the assistant study director.

The contract became operational with the initial EMS disbursement in June, 2000. The final report was submitted by OPAMSS in February, 2001 (i.e. a ten-month implementation period) and approved by EMS in August, 2001 with disbursement of the final contract tranche.

OPAMSS intends to prepare and publish 300-400 copies of the “final report”. This report will in effect be a 15-20 page executive summary of the existing 123 page document, and will be presented in a formal meeting of COAMSS. In addition, this report should also be presented in a wider workshop attended by representatives of : municipal entities; small enterprises and cooperatives concerned with solid waste; the main corporate enterprise contracted by COAMSS for handling solid waste; NGOs and local community organizations. Aside from the delay in reporting, the contract appears to have been efficiently handled by all parties concerned.

### **The Institutional Context of the Project Cycle**

PRISMA took the initiative in preparing the study proposal and presenting it in a meeting of COAMSS. It was enthusiastically endorsed, without change, by the 14 mayors. In consequence OPAMSS was mobilized to give effective technical and coordination support. The stability of the municipal system, the technical capacity (particularly in the San Salvador Municipality) and the genuine interest of COAMSS were critical elements in a dynamic study process. Considerable momentum was generated through questionnaire surveys, individual interviews, two workshops on diagnosis of the solid waste management system with the 14 mayors, one workshop with staff of the Environmental Unit of OPAMSS and departments of solid waste in the 14 municipalities on options for change, and three workshops with small enterprises and cooperatives engaged in collection and transport of waste. In the presentation of conclusions and recommendations to COAMSS a facilitator was contracted, with a view to reaching decisions at this political level on some key strategic actions to be taken in the short and medium term. Some decisions were made and passed to OPAMSS for implementation. At that point momentum was lost. Two major

earthquakes and a national election diverted the attention of policy makers and technicians. The project director in PRISMA changed jobs and OPAMSS did not have the entrepreneurial capacity to take advantage of the “political will” to move ahead. These circumstances presumably explain the 17- month delay in completing the final report and any follow-up.

## **The Report**

The argument is logically developed and well presented. There is a clear statement of methodology with supporting annexes. The socio-economic/legal/institutional context is carefully documented. The text is forthright on the constraints to efficient management of solid waste – lack of norms and ordinances, and ineffective implementation of those that do exist; limited technical and managerial capacity of municipal and central government entities; corruption; mutual distrust among the key actors, leading to non-coordination; inertia; and political manoeuvres which stifle innovation and modernization in the system. The degree of transparency is surprising given the strong political and technical backing provided to the study by COAMSS and OPAMSS respectively. The metropolitan system, where ten of the 14 mayors are from the former “Revolutionary Front”, reflects a remarkable level of resilience and sophistication.

To a non-specialist there is an impressive analysis of technical issues associated both with management of solid waste and the conditions, negotiation, supervision, monitoring and evaluation of contractual arrangements with private entities (micro-enterprises, cooperatives and corporations). The test of relevance is that many managers in the municipalities use the report as a manual. As one might expect, these managers tend to consider the analysis and recommendations to be insufficiently operational for their precise needs. However, this was not part of the terms of reference (TOR) for the study.

The study does not address the financial implications of implementing the recommendations. However, it appears that sufficient funds could be made available as, under 1999 legislation, the allocation of the central government budget to municipalities was increased from about 1% to 7%, with 80% specified for investment and 20% for operations.

There is considerable duplication in the report. But the proposed publication of an executive summary, if up to the same standard as the extended report, should have significant impact.

## **Municipal Participation in the Project Cycle**

There was essentially no substantive input from the 14 municipalities into the study proposal. However, as indicated in Sections 1 and 2, there was significant participation by COAMSS, OPAMSS and the departments of solid waste in the various municipalities in study implementation, review of drafts, analysis of conclusions and recommendations, and adoption of the strategic planning, structural and technical aspects of the recommendations. One could hardly hope for a better level of participation.

## **Impact**

Potential impact of the EMS grant may be judged by its contribution to : (i) capacity building in the municipalities and in the two “research” entities responsible for implementation of the study; and (ii) change in municipal policy formulation and implementation through the vehicle of public-private partnership for environmental improvement associated with management of solid waste.

**(i) Capacity building:** The 14 mayors and 30-40 senior managers and technical staff in OPAMSS and the municipalities were actively involved in the study. The fact that the study methodology, findings and recommendations are considered innovative and relevant to on-going operations, carries the implication of positive change in the way staff approach the technical, administrative and institutional/political aspects of providing public services such as solid waste recycling and disposal and street cleaning through contracts with the private sector.

The relevance and capacity of the two research centers can hardly fail to be effected by association with such a successful project. The impact in PRISMA will be somewhat reduced by the departure of the project director. The impact in SACDEL may be expected to have multipliers since, under the umbrella of IULA, it provides technical assistance and training to municipal authorities throughout Latin America.

**(ii) Municipal policy:** There is considerable resistance to the concept of using the private sector (including micro-enterprises and cooperatives) to provide public services on leftist ideological grounds. However, the study has heightened awareness of the advantages of partnership – access to financial, technical and managerial resources; support from NGOs; improved service to poor communities and greater participation; and generation of employment. The report opens the way for the municipalities to have greater confidence in negotiating with the private sector on an equal footing. Further, the study played a major role in the setting up of a special unit (UERS) within OPAMSS with responsibility for executing and supervising contracts in the solid waste sector.

The IDB has approved an \$80 million loan to El Salvador, 75% to be allocated to solid waste management. Given the level of interest, discussed above, this loan provides an excellent opportunity for leverage on policy change partly attributable to the grant. In addition, a proposal has been submitted to UNDP for \$70,000 over one year to implement the recommendations of the report in two municipalities. The project will also develop a generally applicable ordinance covering municipal contracts with private entities in management of solid waste. Approval is expected by September, 2002. The expectation is that if this project is successful further funding will become available for implementation in the remaining 12 municipalities. It is worthy of note that, assuming this program comes about, the “impact” (which may legitimately be claimed by EMS) stems from the entrepreneurial ability of the study director, not from OPAMSS as one might have hoped.

In spite of the loss of momentum following completion of the report, discussed in Section 2, the prospect is that the overall process of carrying out the study will have significant impact on policy change. Nevertheless, a constraint to implementation of policy on private sector participation has surfaced since completion of the report – a perverse new law (Ley de Adquisiciones y Contratación de Servicios) which prohibits contracts with a term of over one year. This is clearly counterproductive for initiatives which require investment (and credit) in equipment and infrastructure. This illustrates the potential for “externalities” which may constrain impacts attributable to EMS’s activities.

One of EMS’s main objectives from the small-grant program is to develop a market for policy-relevant research driven by demand from municipal authorities. This case suggests significant impact on municipal capabilities and policy, but it is by no means clear that it has generated a sustainable demand for research. The municipalities regularly use consultants in a project context. However, the idea of contracting a research center to undertake a program of investigation (or action-research) on policy or policy implementation (e.g. contracting procedures in public-private partnerships) appears to be in its infancy.



## Unfinished Business – Follow-Up to Improve Probability of Impact

In this case there appears no reason to contemplate any further action by EMS beyond pressure on COAMSS (and indirectly pressure on PRISMA and SACDEL) to publish. EMS might consider sending a representative to attend the formal presentation of the report to COAMSS. The task of the representative would be the same as that proposed for the presentation to the La Paz Municipal Council (Annex C).

### Issues Arising from the Case

*(i) Project selection:* By any measure, this case must be judged as EMS's number one success story. If EMS judges its performance by the sort of impact discussed in Section 5, it should maximize the probabilities of selecting proposals of the San Salvador type. The corollary is that it should minimize selection of the La Paz type, where EMS faces the prospect of making high-risk salvage investments.

How does one ex ante identify proposals with potential for tangible impact, aside from the quality of the proposal itself? Without being too tongue-in-the-cheek, success may be attributed to a stable municipal system, genuinely interested in improving its operations. More important is to select a project director who is not only well qualified, but is also an entrepreneur at heart, an ex-member of the municipal council and well acquainted with the vast array of technical and financial support in strengthening municipal operations.<sup>6</sup> In practice these selection criteria are not applicable. Thus, the focus becomes minimization of potential failures, e.g. in the La Paz case should EMS recognize it has "backed a loser" and cut its losses? If proposals are to be selected on grounds other than quality of the document, staffing and "apparent" municipal interest, then EMS will have to do more homework on each case.

Another issue appears to be whether lessons learned from failure are equally as useful as those learned from success. If EMS sees its impact as direct as well as indirect in a wider context, then there may be merit in generating and disseminating knowledge on public-private partnerships for management of solid waste under different institutional conditions and applying comparative analysis to identify lessons which can be generalized. In this event, selection follows a random "democratic" process based on quality, where one is not trying to second-guess the institutional context and the result is a cross-section of experience. It is accepted that "good" proposals and "good" studies **may** have low probability of having high, or even any, tangible potential impacts.

*(ii) The terms of reference:* Consideration could be given to including in TORs aspects such as : assessment of the financial implications of implementing policy recommendations; publication of a "final" report as an executive summary; and formal presentation of that report in one or more multi-actor workshops or meetings.

*(iii) Attribution of impacts:* By definition, the impact from injection of \$14,000 (for joint action-research with municipalities, workshops, etc.) into an on-going and evolving process of decision-making in COAMSS, OPAMSS and 14 separate municipal bureaucracies, must be speculative and qualitative. In this dynamic multi-actor process it is clearly out of the question to attempt a counterfactual (without-grant) scenario. However, the San Salvador case is noteworthy

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<sup>6</sup> Among the agencies active in this field in San Salvador are : the Carl Duisberg and Conrad Adenauer Foundations, UNDP, Habitat, IDB, World Bank, JICA, GTZ, USAID, IULA and Swiss, Spanish, Dutch and Swedish aid agencies, plus five national NGOs and six universities.

because it probably represents one end of the spectrum of impacts which may be attributable to EMS's small-grants program. It provides a useful yardstick against which the relative impacts of other cases may be judged.

## **ANNEX I - DESIGN OF CONCESSIONS FOR PLANTS TO COMPOST ORGANIC SOLID WASTE MUNICIPALITY OF TOMÉ, CHILE**

### **Contract Procedures and Compliance**

The contract with the Municipality of Tomé was signed on May 2, 2000 and the study became operational on May 18 with the first EMS disbursement under the grant. The research was sub-contracted to the Centro de Educación y Tecnología (CET). The final report was submitted by the Municipality on June 16, 2001 i.e. a project implementation period of 13 months. The technical and financial reports were approved by EMS on August 12, 2001, thus there was full compliance with the contract.

### **Institutional Context of the Project Cycle**

CET has been working with the Municipality of Tomé since 1982 in a sequence of grant-funded activities all related to the center's speciality in community participation in all aspects related to the provision of social services – health, education, potable water supply, sewerage and disposal of solid waste. In addition, it expects to continue this relationship at least until 2004 with grants already negotiated. During much of this projected 23-year period, CET has been and will continue to work with 12 municipalities – “Association of Dryland Municipalities of the Bío Bío Region” (AMSRB). Throughout this time, aside from facilitation of community micro-enterprises, CET also provided training to municipal staff in the early 1990s. However, much of the experience accumulated over 14 years, which one would expect to be translated into policy change, was lost in 1996 when the incoming mayor replaced **all** senior staff, c.f. Annex C. Since then CET has **rebuilt** a solid relationship with the municipal authority. But this experience illustrates the institutionally unstable context into which EMS is introducing a study aimed at change in both the structure and technical capacity of a local government and its policies.

Community development is a sensitive area and in the Municipality of Tomé the department bearing this name is the political arm of the mayor. Thus, an NGO or research center such as CET might well be viewed with suspicion. However, the Center, as a local institution, has been able to establish considerable credibility. This has enabled it to maintain a relationship for over 20 years despite inevitable changes in leadership and accompanying policies. The first SRG to Tomé (1998) was coordinated through the Department of Administration and Finance. The present study was managed through the Department of Planning. As both had powers of coordination, this legitimized CET's “technocratic” role. In the present study the above three departments, plus the Departments of Environment and Solid Waste, worked effectively together through regular meetings with CET staff – an exemplary internal organizational context.

Aside from the internal municipal context, CET (with the municipality) has maintained contacts with a wide range of donors plus central and regional agencies that provide grants or subsidies for local government activities. CET, partially on the basis of EMS-supported research, was instrumental in negotiating a \$125,000 grant spread over 18 months from a Belgian NGO – Flandes – to implement some of the findings. In addition, AMSRB is negotiating a \$750,000 five-year grant from the EEC for institutional strengthening among the 12 municipalities which form the association. Further, there has been a continuous stream of subsidized support through regional and central government agencies. These tend to be designed by technocrats or politicians from the capital, and many may be classified as “clientist” without genuine consultation in the field. In a relatively small municipality such as Tomé (population 40,000) which habitually confronts a scarcity of financial resources for its operations this type of “assistance” probably distorts policy in ways which may well limit the potential impact of an

EMS research grant. Tome is certainly illustrative of the complex institutional contexts faced by local governments with restricted economic or political influence. The situation is compounded by limited technical and managerial capacity to formulate their own agendas. It may be argued that such municipalities might be considered “pawns” in the game rather than “actors”.

## **The Report**

The report is well presented and reads as a pre-feasibility study for organic solid waste composting plants. For this reason it has wide application beyond Tomé as is pointed out in Chapter 4 on impacts. In practice, the study was undertaken in association with several of the municipalities in AMSRB. The research draws heavily on CET’s previous work carried out over several years with community enterprises in Tomé and the 1998 EMS-funded study of pricing solid waste disposal services in the municipality. If a summary report is to be published this background should be emphasized.

## **Municipal Participation in the Project Cycle**

As indicated in Section 2, there was active participation by five department directors in regular meetings throughout the study. This is judged to represent a high level of municipal commitment.

## **Impact**

***Capacity building in the municipality:*** It is evident that senior staff in the municipality have benefited from association with the study. They are fully aware of the operational implications of the findings as well as the financial and political constraints in implementing them. However, there appear to be limitations to how far this strengthening process can go in a local government organization, such as Tomé. Most staff are not professionals and even those that are seem fully occupied in administrative questions. An example is the Flandes grant to follow up an EMS study. Under this grant two consultants were assigned to the municipality and two social workers were contracted to work with the community enterprises. The objective was to establish more operational links between these actors. But, given the administrative pressures on municipal staff, the Flandes consultants tended to become absorbed into this aspect rather than breaking new ground in institutional relationships. Such conditions are not conducive to either creation of an autonomous demand for research by the local entity, or implementation of study recommendations.

***Capacity building in the research center:*** CET clearly values its intellectual links with EMS and has benefited from association with successful follow-up to the 1998 study and the opportunity to continue the development of other initiatives such as the Flandes grant.

***Municipal policy:*** The municipality intends to implement recommendations from the study. However, as suggested in Chapter 4 of the report, the collective impact on policy is likely to be much greater through multipliers in other municipalities or in regional or national agencies. The EEC grant should help multipliers in AMSRB. Findings may contribute to the design of a \$2 million regional program (30 municipalities) for solid waste management administered by the national council for environment (CONAMA). Recycling plants are planned in two neighboring municipalities with financial support from FOSIS and Fondo de las Américas.

## **Unfinished Business – Follow-Up to Improve Probability of Impact**

The probability of potential impact from the grant appears reasonably high without follow-up. Nevertheless, two interrelated questions arise: Should EMS attempt to exploit the mezzo and macro context in which the Tomé project is inserted? Should the Secretariat promote publication of a report summarizing the two CET SRG-funded studies and the Flandes follow-up experience?

### **Issues Arising from the Case**

(i) **Networking:** The question raised in Section 6 suggests that networking at a sub-regional level may offer an opportunity for the Secretariat to pursue its objectives. Should an attempt be made to identify such situations in advance, or to be opportunistic in exploiting cases such as Tomé or MVMT, where possibilities emerge from the standard SRG process? Tomé is a member of the 12 municipality AMSRB and a 30-municipality regional program for solid waste management. Could EMS facilitate exchange of knowledge focused on implementation of recommendations from case studies through a targeted grant?

(ii) **Site-specificity versus generalization:** The Tomé case is much more technical than the other cases and is therefore more generalizable. However, it is probably easier to get funding for such approaches than for application of innovative social and participatory methodologies that characterize most of the cases which EMS supports.

(iii) **Innovation versus replication:** Both the above issues center on the question of replication, rather than innovation. The Secretariat's emphasis on **research** suggests a focus on testing or validating innovative approaches to PPPs. It is to be assumed that replication will be carried out by national bodies or international entities such as the World Bank or IDB. Although this assumption is probably valid, the question arising from this case is should EMS have any role in promoting replication beyond dissemination of knowledge?

## **ANNEX J - LIST OF CONTACTS**

### **IDRC**

Federico Burone, Director, Latin American Regional Office  
Walter Ubal, Executive Director, EMS  
Clara Saavedra, Executive Assistant, EMS

### **LA PAZ CASE (BOLIVIA)**

Liliana Collazos, Study Director, Prohabitat  
Adolfo Novarro, consultant, Prohabitat  
Jorge Prudencio, ex-Director, SIREMU, Municipality of La Paz  
Mirko Rengal, Director, SIREMU, Municipality of La Paz  
Eduardo Machicado, SIREMU, Municipality of La Paz  
Miriam Kuchec, SIREMU, Municipality of La Paz

### **SALTO CASE (URUGUAY)**

Silvia Vitrale, IDES

### **MSBC CASE (BRAZIL)**

Elizabeth Grimberg, Coordinator of the Urban Environment Section, POLIS  
Verónica Paulics, POLIS  
Sonia Lima, Director, Secretariat for Environment, MSBC  
Luiza Oliveira, Manager, micro-enterprise in solid waste recycling

### **SAN FERNANDO CASE (ARGENTINA)**

Alexandre Brailovsky, Chief, Department of Community Development, AASA  
Ana Hardoy, Executive Director, IIED-AL  
Florencia Almansi, IIED-LA  
Gaston Urquiza, IIED-LA  
Iris Oliverio, IIED-LA  
Miguel Angel Otero, Secretary of Environment, Municipality of San Fernando  
Susana Carlino, Vice-President, Committee for San Jorge community  
Juan Duran, committee member, Committee for San Jorge community

### **MVMT CASE (PERÚ)**

Oscar Butteler, Director, Secretariat for Public Services, MVMT  
Carlos Grey, Director, EcoCuidad  
Renzo Silva, consultant, MVMT  
Albina Ruíz, environment advisor, Sociedad Peruana de Derecho Ambiental

### **SAN SALVADOR CASE (EL SALVADOR)**

Raúl Artiga, Study Director, PRISMA  
Manuel de Jesús Oliver, OPAMASS  
Rolando Almendárez, SACDEL  
Jorge Gonzalez, Manager, Environment Department, Municipality of San Salvador.

### **TOMÉ CASE (CHILE)**

Jorge Negrete, Director, Planning Secretariat, Municipality of Tomé  
Rodrigo Lertzundi, Director, Administration and Finance, Municipality of Tomé  
Eduardo Letelier, Study Director